



## The role of supply chain intermediaries in regulating labour standards in the global fast fashion supply chain

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## Summary

This research has investigated the role of supply chain intermediaries in regulating labour standards within the problematic and highly competitive fast fashion industry. There are evidently violations of labour standards in supplier's factories in the fashion supply chain. There is a lack of control and conflicting interests between retailers and suppliers. The necessity of including a third party in the buyer-supplier relationship has already been recognized by researchers. These third-party companies are called supply chain intermediaries. After reviewing the literature on labour standards, fast fashion and supply chain intermediaries, an empirical research was set up in order to discover the role of intermediaries in regulating labour standards in the supply chain. Seven interviews were conducted with employees from different supply chain intermediaries, providing insight in their practices and their contribution to labour standards regulation in fashion factories. Each interviewee mentioned that their ability to contribute highly depends on their retailer's customer's demand. The fast fashion industry is highly competitive and there is a main focus on low prices, quick delivery and quality requirements, rather than focusing on responsible production and having safe - and fair working conditions for factory workers. Literature lacks insight in the role of supply chain intermediaries regarding the regulation of labour standards in the fashion supply chain, for which this research aims to fill this literature gap. The regulation of labour standards in the fashion supply chain is considered a key problem and there is a need for regulation. This research aims to describe the regulatory role of intermediaries in the fashion supply chain, possibly allowing for improvements regarding working conditions in fashion factories. Regulation includes implementation -, monitoring - and rule enforcing activities. This research points out important factors influencing the regulatory potential of intermediaries in the supply chain. The role of intermediaries is described on the basis of four value-adding activities: knowledge development, information transfer, risk reduction and capability support. The regulatory activities are as well applied to the role that intermediaries have in the fashion supply chain in regulating labour standards. Besides, this research adds important information about improving supply chain practices.

**Key terms:** *Supply chain intermediaries, labour standards, supply chain, transparency, regulation, consumer awareness, responsible production*

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## 1. Introduction

The fashion industry is becoming more and more competitive and expectations of consumers are increasing (Bhardwaj & Fairhurst, 2010). Consumers want more as well as cheaper clothes, therefore the concept of fast fashion has evolved (Bhardwaj et al., 2010). Fast fashion means shorter life cycles for fashion trends and an increasing demand to renew (Sydney, 2008), implying that trends pass by fast and retailers extend the number of fashion ‘seasons’ in which the entire fashion supply in stores is replaced by a new collection (Bhardwaj et al., 2010). Clothes are demanded to be cheaper and trendy which leads to the fact that competition between lead firms is based on price and quantity, rather than quality (Bhardwaj et al., 2010).

The fast fashion industry’s requirements in terms of low-cost, high flexibility in design, quality and delivery speed put both retailers and manufacturers under pressure (Bhardwaj et al., 2010). When it comes to the manufacturers, these requirements have resulted in work intensification and concerns regarding labour standards in supplier factories (Taplin, 2014). A key problem identified in the fast fashion industry is, thus, that manufacturers are not able to satisfy those requirements, while at the same time maintain ethical labour standards set by retailers (Hammer & Plugor, 2019). Busse (2004) defines labour standards as: ‘the freedom from forced labour; the abolishment of child labour, which is risking children’s safety and health; the equal opportunities in employment; and basic union rights, implying the freedom of collective bargaining.’ Fashion factories are known for low paid workers, who work many hours in poor and unsafe circumstances (Hoang, 2019). Moreover, concerns are rising about the worker exploitation in fashion factories and that workers will further be abused regarding their poor working conditions, due to the developments in the fast fashion market (Busse, 2004; Perry & Wood, 2019).

Retailers on the other hand have a stronger position in the supply chain, since people in poor populations have no choice but to work for any salary, under any condition (Thompson, 2013). Retailers want their suppliers to comply to the, by them kept, labour standards, which become increasingly hard to meet, given the increasing flexibility, speed and costs requirements (Thompson, 2013). Simultaneously, if working conditions in a factory are improved to meet certain labour standards, costs will increase and retailers will move to another, cheaper supplier (Thompson, 2013). Therefore working conditions are not improved and remain below legal labour standards. This results in a disconnection between the actual working conditions and the normative working conditions that are considered legal labour standards (Thompson, 2013). The disconnection between actual labour

conditions and labour standards indicates the unmanageability of working conditions by retailers in the global supply chain and a lack of transparency (Hammer et al., 2019).

From an ethical perspective, this disconnection between actual labour conditions and legal labour standards requires attention because it affects worker's safety and wellbeing and it violates human rights (Bartels, 2017). However, retailers and suppliers alone are not able to solve the labour problems that the fashion industry is facing. Hence, there is need for regulation in the fashion supply chain to align labour standards with the actual labour conditions in factories (Hammer et al., 2019). Involving a third party in the retailer-supplier relationship would possibly increase the potential to regulate labour standards in the fashion supply chain. This research focusses on the role of those third party companies, called supply chain intermediaries, in improving factory's compliance to labour standards.

Supply chain intermediaries are organizations that mediate between buyers and suppliers in the supply chain using their own resources (Hickson et al., 2008). These organizations aim to reduce risks and costs in the global supply chain (Cole & Aitken, 2020). Intermediaries are considered to be the most efficient method for coordination and collaboration between retailers and suppliers (Hickson, Wirth & Morales, 2008). Furthermore they protect the lead firm's reputation and improve supply chain practices in general in factories (Cole et al., 2020).

It has been argued that supply chain intermediaries contribute to socially responsible purchasing, in which ethical issues are considered in the entire supply chain of fashion (Cole et al., 2020; James & Montgomery, 2017). Understanding the role of supply chain intermediaries is important in establishing socially responsible purchasing (Cole et al., 2020) and possibly in improving working conditions. However, existing literature lacks a focus on supply chain intermediaries in the global supply chain and in particular insights on how supply chain intermediaries mediate the retailers-suppliers relationship in the fashion supply chain when it comes to regulating labour standards. Responding to this gap in the literature, this research aims to better understand the role of supply chain intermediaries in regulating labour standards in the global supply chain. This will be done by answering the following research question:

*How do supply chain intermediaries contribute to regulating labour standards in the global fast fashion supply chain?*

The question will be answered by conducting a qualitative study by means of interviews with different employees of several supply chain intermediaries. The research will be combined with the analysis of a document that an interviewee has provided during the interview. This document substantiates the information that the interviewee has provided during the interview, regarding factory audits and it provides insight in the actual practices of supply chain intermediaries.

This research is theoretically relevant, as mentioned above, because existing literature lacks insight in supply chain intermediaries regulatory potential in the global supply chain, particularly in regulating labour standards (Soundararajan et al., 2018). A lot of research has already been done on the regulation of labour standards in fast fashion global supply chain (Merk, 2007; Royle, 2010; Verma, 2003; Wells, 2007), integrating codes of conduct (Hoang, 2019) and regulation mechanisms (Abbott, Levi-Faur & Snidal; 2017b). However, while the powerful role of supply chain intermediaries in the supply chain has already been recognized (Marx & Wouters, 2017), their role in regulating labour standards has so far not been addressed. Studying intermediaries and their role in regulating labour standards is necessary in order to understand and possibly improve regulatory systems (Abbot et al., 2017b). Especially since the importance of a third party in regulation processes, for instance in terms of controlling compliance to codes of conduct, has already been recognized (Marx et al., 2017; Wells, 2007). This research aims to fill this gap in literature by addressing the role of supply chain intermediaries in regulating labour standards.

Other than that, this research is practically relevant, because regulating labour standards in the global supply chain is identified to be a key problem in the fast fashion industry (Hammer et al., 2019) and many attempts to improve working conditions have so far failed (Marx et al., 2017). Labour standards and human rights are violated, therefore there is a continued need for regulation and improvements (Hammer et al., 2019). Effectively regulating labour standards in supplier's factories is a start to improving the working conditions in those factories. This study aims to gain a better understanding of the role of supply chain intermediaries in the regulation of labour standards in the fast fashion supply chain, providing better insight in what these powerful actors can contribute to improve labour standards.

This paper will proceed as follows: In chapter 2, relevant literature is reviewed, the key concepts will be defined, and a conceptual framework is developed. In chapter 3 the research methods will be described. The results will be discussed in chapter 4, after which an answer to the research question will be formulated in chapter 5, followed by limitations of the research and future research recommendations.

## 2. Theoretical framework

In this chapter the key concepts fast fashion, labour standards and supply chain intermediaries are discussed and defined. Besides, existing literature on the topic of supply chain intermediaries and their role in the global supply chain are reviewed, and a conceptual framework is developed.

### 2.1 Fast fashion

In the last decades there have been certain developments in the fashion market leading to the existence of 'fast fashion' (Bhardwaj et al., 2010). It has become normal to buy cheap and trendy

clothes and simultaneously be provided with new collections a few times per season (Sull et al., 2008). While many definitions for fast fashion exist (Caro & Martínez-de-Albéniz, 2015; Choi, 2013; Sull & Turconi, 2008), several factors seem to be key: First, fast fashion products are offered at low price (Caro et al., 2015). The industry aims to offer new products as efficiently as possible in order to reduce costs (Caro et al., 2015). Second, the fast fashion assortment changes frequently (Choi, 2013). Fashion collections in stores have to be frequently renewed, for which a companies' adaptability and flexibility to the continuously changing trends is very important in order to meet consumer demand (Choi, 2013). This is also called quick response production, which is adopted in the fast fashion production, because companies have to respond to continuously changing trends as quickly and efficiently as possible (Caro et al., 2015; Sull et al., 2008). Which leads to the third factor, fast fashion product lifecycles are very short, meaning that fashion items are quickly replaced by new ones or thrown away by customers (Choi, 2013). Trends pass by very fast and customer demand is continuously changing.

Fast fashion benefits might be enormous if it is done right. Growth of fast fashion chains has been huge in the past years (Sull et al., 2008). Sourcing production to external suppliers reduces costs for retailers (Sull et al., 2008). Moreover, the clothing industry is the main industry that benefits from cheap, low-skilled labour in emerging markets (Sull et al., 2008). Given the circumstances and the high pressure in the fast fashion markets, the global fast fashion supply chain requires attention.

The fast fashion market is a hard to predict market and trends come and go very fast (Caro et al., 2015). Retailers should always be aware of the situation, in order to anticipate trends and customer preferences. Production becomes overproduction easily, since customer preferences can change within days (Sull et al., 2008). Therefore the whole supply chain is required to be responsive and flexible to new coming trends in order to be effective and therefore avoid lost sales, overstocks and price reductions. Fast fashion has replaced the designer-push business model by an opportunity-pull strategy, where retailers adapt to changing customer preferences and shifts in the market (Sull et al., 2008). One could argue that while fast fashion has become 'heaven' for customers, it is turning into a 'hell' for retailers and suppliers (Sull et al., 2008). The highly demanding fast fashion market pressures suppliers, as they are expected to be as flexible and responsive to new trends for a very low price (Sull et al., 2008).

In conclusion, the concept of fast fashion is based on the increasing demand of fashion consumers. Fast fashion has normalized high quantity of products for low prices. Consumers demand quantity over quality and this has evolved fashion into fast fashion. The whole fashion industry is affected by this new developed consumer demand (Sull et al., 2008).

## 2.2 Labour standards

Globalization has pressured the compliance to labour standards in developing countries (Hammer et al., 2019). Part of the fashion industry production is outsourced to developing countries with lower cost production and low entry barriers (Rossi, Luinstra & Pickles; 2014). On the one hand, this has created opportunities for employment in developing countries where this was very limited (Rossi et al., 2014). However, on the other hand there are concerns regarding labour standards in fashion factories (James et al., 2017). Outsourcing of fashion production has caused very poor working conditions in developing countries and depression of regional wages (Rossi et al., 2014). Companies strengthen their competitive position by squeezing labour and costs in the developing countries (Rossi et al., 2014). Busse (2004) considers this an unfair competitive advantage as worker's rights and labour standards are lowered to the minimum. This means that labour standards in the global supply chain are violated and those dynamics need to be addressed (Rossi et al., 2014).

Labour standards are provided by organizations as the ILO and the DFID to improve worker's conditions among the global supply chain (Busse, 2004). Retailers choose to incorporate those labour standards and develop certain codes of conduct (Hoang, 2019). Important motives for this are the increasing awareness regarding worker's well-being, corporate social responsibility among the global supply chain, reputation and legal systems (Hoang, 2019; Locke, Kochan, Romis & Qin; 2007; Taplin, 2014). However, in many developing countries, governments lack the ability or willingness to regulate legal labour standards within factories (Locke et al., 2007). Therefore, external influences are necessary to regulate labour standards, as they are defined by ILO and DFID, in order to improve working conditions (Cotton et al., 2005; Marx et al., 2017).

The International Labour Organization (ILO) defines four main labour standards:

- (1) "Freedom of association and the right to collective bargaining;
- (2) Elimination of forced or compulsory labour;
- (3) Effective abolition of child labour;
- (4) Elimination of discrimination in respect of employment and occupation" (Cotton, Sohail & Scott, 2005).

Working conditions partly determine worker's well-being (Cotton et al., 2005). Those four main labour standards do contribute to worker's well-being combined with the 5 broader labour standards that are defined by the Department for International Development (DFID):

- (1) "Consideration for health and safety;
- (2) Payment of wages in full and on time;
- (3) Limitation on working hours and overtime pay;

- (4) Prevention of repeated casualisation (replacement of permanent employees by casual workers);
- (5) And application of social security regimes” (Cotton et al., 2005).

Even though much attention is drawn to the issue recently, improvement of working conditions in the global supply chain remains questionable. Opposing the speed of consumption in the fast fashion industry is socially responsible purchasing (James & Montgomery, 2017). Socially responsible purchasing means that companies take into account ethical considerations in the whole production process, socially and environmentally (James et al., 2017). Labour standards, which ensure worker’s basic rights, freedom and well-being (Cotton et al., 2005), are considered in socially responsible purchasing. Nevertheless, labour standards and human rights are violated in the global supply chain (Hammer et al., 2019). The developments in the fast fashion industry have led to social and environmental issues in the global supply chain (James et al., 2017). Many initiatives and measures fail to detect suppliers’ violation of workers’ rights (Hoang, 2019). Many companies have integrated Codes of Conduct to improve international labour standards in their supply chains, however it seems ineffective (Hoang, 2019). Study shows that companies in the fashion sector can almost freely switch suppliers (Vogel, 2006). Complying to Codes of Conduct, meaning complying to certain labour standards, would mean higher costs for suppliers and simultaneously the risk of buyers moving to other, cheaper suppliers (Hoang, 2019). Therefore suppliers try to mislead compliance to Codes of Conduct.

### 2.3 Literature review

The poor working conditions in fast fashion supply chains, indicate the need of organizations to take into account social and ethical aspects in supply chain management (Leire & Mont, 2010). However, both retailers and suppliers seem to be limited in their willingness or capacity to effectively improve labour standards. Gereffi (1999) defines buyer-driven supply chains as industries in which large retailers set up their production networks by exporting most of the production to third world countries. Buyer-driven industries profit from cheap production in high quantities. Suppliers in these buyer-driven fashion supply chain (Gereffi, 1999), have a very weak position in the global supply chain as they are considered powerless, desperate, vulnerable and passive compared to the buyers that drive the industry (Gereffi, 1999). They are expected to report positively about working conditions and their compliance to certain labour standards, even when this is in reality not the case (Hoang, 2019). Once standards actually are improved, costs increase and suppliers lose contracts with buyers who switch to lower cost suppliers (Hoang, 2019). Hence, compliance to certain labour standards or Codes of Conduct lack incentives for suppliers. Retailers on the other hand are much more powerful and squeeze suppliers on prices, quality and shorter lead times (Hoang, 2019). As long as these remain

buying practices in the global supply chain, compliance to Codes of Conduct or labour standards will be misled by suppliers.

The lack of incentives to comply to Codes of Conduct and labour standards, prevents a fundamental change in the fast fashion industry (James et al., 2017). According to James et al. (2017), this needs to be addressed in order to contribute to socially responsible purchasing, with special regard to labour conditions in the global supply chain in this paper. Retailers are in a better position to take responsibility for the working conditions in their supplier's factories, as they have more power to influence the supply chain (James et al., 2017). Nevertheless, suppliers are currently held responsible for complying to labour standards (James et al., 2017). Supplier's position is considered to be a powerless position, that currently is exploited by its retailers. Therefore, suppliers should 'acquire power' and increase their worker's awareness of their rights and minimum working conditions (Hoang, 2019). They should be enabled to take action, instead of just having to accept the exploitation and very high demand by their retailers (Hoang, 2019).

Research has mainly focused on the retailer and supplier relationship, for which the problems remain existing. There should be another focus in research to find different solutions for the problems that the fast fashion global supply chain is facing. One solution might be to look into what role the supply chain intermediary could play in regulating labour standards. Literature on what is already known about supply chain intermediaries will be reviewed in the following section.

### 2.3.1 The RIT-framework

Child labour, hazardous working conditions, excessive working hours and poor wages remain a big problem for fast fashion suppliers in developing countries (Locke et al., 2007). Governments of these developing countries lack the ability to enforce labour laws and compliance to global labour standards is therefore highly absent (Locke et al., 2007). Labour standards and actual labour conditions are disconnected, however retailers and their suppliers find interest in hiding those labour violations (Locke et al., 2007). Due to the lack of regulation, suppliers have no interest in actually complying to labour standards, as costs will increase and retailers will probably move to another (cheaper) supplier (Vogel, 2006). This is a result of the varying interests of both retailers and suppliers in their relationship.

Abbott, Levi-Faur & Snidal (2017a) introduce a theory, the RIT-framework, on how regulating labour standards should be effectively done in practice. The RIT-framework recognizes that effective regulation of labour standards in practice involves a third party (Marx et al., 2017), as they expand reach and effectiveness of regulation activities (Abbott et al., 2017a). The RIT framework implies intermediaries (I) that mediate between the regulator (R) and the target that requires regulation (T). The previous regulation framework only involved the regulator (R) and the target (T). The regulator is

then often the one with authority and the ability to regulate the behavior of T, however interests of both R and T may differ (Abbott et al., 2017b), which is the case for retailers and suppliers.

Suppliers should comply to certain labour standards in their factories, while at the same time be as cheap as possible for retailers. Retailers want their suppliers to be as cheap as possible or otherwise can easily switch to other suppliers (Vogel, 2006). It would be in the suppliers best interest to comply to the labour standards, however not if it means that the retailer switches supplier as costs increase while doing so. The direct retailer (R) - supplier (T) relation is not able to change the current situation in the global supply chain, as their interests are not aligned. Therefore R engages with possibly diverse intermediaries, who act in interest of both R and T, in order to effectively perform regulation, resulting in the RIT framework. The regulator adopts rules/regulations, after which intermediaries aim to change and regulate behavior of targets (Abbott et al., 2017b). In contrast to the regulator, the intermediary has the ability to effectively change the behaviour of the target (Abbott et al., 2017b).

Literature, so far, has mainly focused on the buyer-supplier relationship. However, it appears that the buyer and supplier alone are not able to solve the problematic circumstances in the global supply chain. The RIT-framework recognizes the importance of an intermediary in the buyer-supplier relationship, in order to control and regulate behaviour. The intermediary, mediating between buyers and suppliers, will be the focus of this research and the RIT-framework is included to explain why it is important to understand their role from their position in the supply chain.

### 2.3.2 Supply chain intermediaries

Supply chain intermediaries are organizations that mediate between buyers and suppliers in the supply chain using their own resources (Hickson et al., 2008). According to Taplin (2014), they focus on product development as well as locating suppliers with the lowest cost possibilities and therefore promote retailer's potential. The global fast fashion supply chain entails high risks for both suppliers and retailers (Vedel & Ellegaard, 2013). Retailers are not willing or do not have the ability to account for those risks and therefore intermediaries aim to reduce the risk of global sourcing (Vedel et al., 2013). The main risks that this paper will focus on are non-compliance to labour standards, mutual dependencies of retailers and suppliers and their varying interests. Those risks are already extensively explained in previous sections. Another risk that is explained by Vedel et al. (2013) is opportunistic behaviour of suppliers. Due to the lack of ability to monitor, contract, and control supplier's behaviour by retailers, suppliers might seek for opportunities to reduce costs regarding product quality or corporate social responsibility. Intermediaries are in a better position to monitor and control, for which they might be able to limit opportunistic behaviours successfully and reduce risks (Vedel et al., 2013).

Vedel et al. (2013) distinguish three different types of supply chain intermediaries: The traditional agent; the sourcing agent; and the import intermediary. All three supply chain intermediary types are able to find and select the right supplier for retailer companies, to mediate between any possible cultural distance between supplier and retailer and to maintain strong relationships with their customers (Vedel et al., 2013). This study will solely focus on a sourcing agent, who possesses the appropriate resources and knowledge of products, processes, customers and suppliers in order to control, secure and monitor quality and production and besides possesses the ability to follow up on suppliers (Vedel et al., 2013). The sourcing agent possesses more resources and knowledge to reduce risks than the traditional agent, while having less responsibility for logistic issues than the import intermediary (Vedel et al., 2013). The sourcing agent is the intermediary mostly engaged with sustainability initiatives, including labour issues, and operating in both interest of buyer and supplier (Cole et al., 2020; Vedel et al., 2013) and therefore the focus in this paper.

### 2.3.3 What do we not know yet?

Supply chain management involves activities that have to do with the collaboration and coordination of all actors in the chain: suppliers, intermediaries and retailers (Hickson et al., 2008). Retailers face difficulties to constantly and properly monitor events in the global supply chain, leading to increasing complexity of supply chain management (Hickson, Wirth & Morales; 2008). Referring to the increased complexity in the supply chain, lead firms make use of supply chain intermediaries, which help them to reduce this complexity by providing support in the supply chain management (Hickson et al., 2008).

The retailer-intermediary relationship is beneficial as it reduces risks and the complexity of supply chain management (Taplin, 2014).

Currently, a big problem in the fashion supply chain are the working conditions in factories, increasing the complexity of supply chain management (Hammer et al., 2019; Hoang, 2019). Retailers become more demanding regarding low costs and high efficiency, pressuring the working conditions in supplier's factories (Perry et al., 2019). Besides, the increasing ethical awareness of labour standards in the global supply chain implies certain risks for retailers in outsourcing, regarding reputation, negative publicity and ethical misconduct by violation of labour standards in supplier's factories. This shifts the focus of retailers towards "looking good", to just ensure a good reputation, while less caring about actually "doing good", regarding the actual circumstances in those factories (Taplin, 2014). Increasingly, and given attention to the current situation and the poor working conditions in supplier factories in fashion supply chains, intermediaries are required to also focus on labour standards issues in supplier factories (Cole et al., 2020; Hammer et al., 2019). Even though we know that intermediaries reduce complexities and risks in supply chain management, literature lacks insight in how this applies to the regulation of labour standards in the fashion supply chain.

Intermediaries look for the most beneficial combinations of retailers and suppliers in the global supply chain (Taplin, 2014). The most beneficial option often means the cheapest supplier in the retailer's interest. This leads to low wages and low health - and safety standards for workers in factories, implying that the cheapest combination for retailers does not necessarily mean the most beneficial combination for both parties (Taplin, 2014). The supply chain intermediaries, however, simultaneously want the best combination in interest of the suppliers. Therefore they aim to regulate production under certain minimum labour standards, among other things minimum wages and safety requirements (Taplin, 2014). **This research aims to investigate how exactly intermediaries regulate those labour standards and how this contributes to improvements in the supply chain.**

## 2.4 Theoretical framework for the regulating role of supply chain intermediaries in the global supply chain

The RIT-framework, as explained previously, is used as the basis for the theoretical framework as it explains the position of the intermediary in the supply chain and the importance of including a third party in regulation practices (Abbott et al., 2017b). The RIT-framework explains the ambiguous role of intermediaries, because they mediate between on the one side buyers and on the other side suppliers, given their conflicting interests. According to this complexity, we should understand their role and their contribution. Little so far is known about the exact role of intermediaries, except for the study of **Cole et al. (2020), explaining the role of intermediaries in compliance to sustainability practices in general.** In this research I will focus on the role of intermediaries in regulating labour standards within the fast fashion global supply chain specifically. Nevertheless, the study of Cole et al. (2020) provides good and useful insight in the role of intermediaries in a wider context. The study of Cole et al., (2020) will therefore be included in the theoretical framework about the role of supply chain intermediaries.

### 2.4.1 Value adding practices of intermediaries

Cole & Aitken (2020) have done research to the role of supply chain intermediaries in compliance to sustainability practices. Generally, supply chain intermediaries provide a bridge between buyers and suppliers (Cole et al., 2020). Through this bridging role, supply chain intermediaries can add value to the buyer-supplier relation. Cole et al. (2020) have found 4 value adding practices of supply chain intermediaries in the supply chain, which are:

- 1) Knowledge development;

Supply chain intermediaries as well add value through knowledge development. They contribute to the development of an equal understanding of what the best socially responsible practices are.

Informational asymmetries between buyers and suppliers are reduced and there is knowledge of what

to expect from one another (Cole et al., 2020). The supply chain intermediaries help to develop equal knowledge on a social issue between all parties in the supply chain.

2) Information transfer;

The bridging role of intermediaries between suppliers and buyers enables them to provide information flows that create opportunities for both buyers and suppliers (Cole et al., 2020). The intermediaries facilitate information exchange, while reducing information asymmetry and promote transparency in the supply chain (Cole et al., 2020).

3) Risk management;

Supply chain intermediaries reduce risk through providing transparency, a focus on hazardous behaviours and through providing education on improved behaviour to reduce poor practices that negatively impact the supply chain (Cole et al., 2020). Risk management can support suppliers to address and overcome barriers they encounter when improving certain conditions (Cole et al., 2020). Besides, the supply chain intermediary is operating in a big network, in which they have access to information on opportunities and threats before buyers and suppliers do (Cole et al., 2020). Through their bridging role, supply chain intermediaries reduce risks in the potential buyer-supplier relationship.

4) Capability support.

Lastly, supply chain intermediaries have the expertise and ability to improve certain behaviour within the supply chain, that buyers do not have. They are in a position to facilitate behavioural improvement of both suppliers and buyers. The intermediaries provide guidance, stimulate abilities and motivation in the pursuit of sustainability practices (Cole et al., 2020).

According to Cole et al. (2020), the value adding practices in the role of supply chain intermediaries eventually result in a positive behavioural change of both suppliers and buyers, regarding sustainability and therefore provide positive consequences for society. This literature describes the role of supply chain intermediaries in the buyer-supplier relationship in relation to sustainability practices, including environmental - and labour issues, and the transition to socially responsible purchasing within global supply chains (Cole et al., 2020). Therefore the study of Cole is applied during the interviews of this research, by focusing on these practices with regard to the regulation of labour standards in the fashion supply chain specifically. This study distinguishes from the study of Cole et al. (2020) by focusing solely on the labour standards in the fast fashion industry. Improving working conditions and the compliance to labour standards belong to socially responsible purchasing (James et al., 2017), however literature does not provide insight in how supply chain intermediaries contribute to the regulation of labour standards specifically.

## 2.4.2 Capacities of supply chain intermediaries

The following is based on a conceptual paper of Abbott et al. The information is not based on empirical research. Abbott et al. (2017b, p. 6) define intermediaries in their conceptual paper as: “any actor that acts directly or indirectly in conjunction with a regulator to affect the behaviour of a target.” Their role can either be described as formal or informal; they act either in public or private interest; and their actions are motivated by functional or power thought and allows for more complex forms of regulation (Abbott et al., 2017b). Four capacities of intermediaries can be described that contribute to regulation efficiency and to the value-adding practices defined by Cole et al. (2020) (Abbott et al., 2017b):

### 1) Operational capacity

Those operational capacities include: provide certain services; providing advice; support implementation of rules; monitor behaviour of the target; and when necessary, enforce rules (Abbott et al., 2017b). Regulators often lack access to their targets, which makes them less able to perform those activities themselves.

### 2) Expertise

Supporting operational capacities is intermediaries’ extensive knowledge about regulation, including implementation -, monitoring - and enforcing activities (Abbott et al., 2017b).

### 3) Independence

Enhancing regulation capacities as well, is the intermediary’s independence from both the regulator and the target. Therefore regulation does not get affected by conflicting interests (Abbott et al., 2017b).

### 4) Legitimacy

On top of the intermediaries’ expertise and independence, intermediaries have more legitimacy in relation to targets than regulators do (Abbott et al., 2017b).

The regulation process can be described on the basis of the ANIME framework: (Agenda-setting, Negotiation, Implementation, Monitoring and Enforcement of rules) (Marx et al., 2017). The role of the intermediary starts in the implementation phase (Abbott et al., 2017b). Intermediaries clarify regulatory rules, by means of for example codes of conduct, and when necessary adapt them to the specific circumstances of the supplier. They also provide trainings, advice and even material support if necessary for suppliers to comply to those set rules. Thereafter, the target’s performance has to be monitored, in order to find out whether the implementation was effective (Abbott et al., 2017b). Enforcing regulation implies that intermediaries establish desired behaviour of the target by providing guidance for how to comply to the rules and eventually enforce those rules by providing incentives or sanctions (Abbott et al., 2017b). Intermediary’s effectiveness in regulation is influenced by their ability to implement, monitor and enforce compliance to set rules (Marx et al., 2017). This

conceptual paper of Abbott et al. will be applied in this empirical research to the role of supply chain intermediaries in regulating labour standards.

This paper will focus on what this regulating position of intermediaries does for the regulation of labour standards in the fast fashion supply chain. In developing countries there are high levels of uncertainty, causing high risks (Vedel et al., 2013). Many retailers are not prepared to take these risks and the costs with it, for which they rely on supply chain intermediaries (Vedel et al., 2013). The intermediaries, given their capacities (Abbott et al., 2017b), aim to reduce the risk (Vedel et al., 2013), however, how does this affect the regulation of labour standards in supplier’s factories? Does evening out opportunistic behaviour and information assymetries lead to compliance to labour standards? This study seeks to understand the role of supply chain intermediaries in regulating labour standards in fast fashion supply chains on the basis of the four value-adding practices, supported by the four capacities of intermediaries to perform regulation activities and whether this provides behavioural improvements in the supply chain (Abbott et al., 2017b; Cole et al., 2020; Marx et al., 2017).

## 2.5 Conceptual framework

### 2.5.1 Sensitizing concepts

The sensitizing concepts below explain the supply chain intermediary and the regulation of labour standards in theory. The aim is to investigate how supply chain intermediaries contribute to the regulatory potential to regulate labour standards in the buyer-supplier relationship/ supply chain, on the basis of those theorized capacities and practices. The sensitizing concepts as illustrated below, will be used during data collection and data analysis.

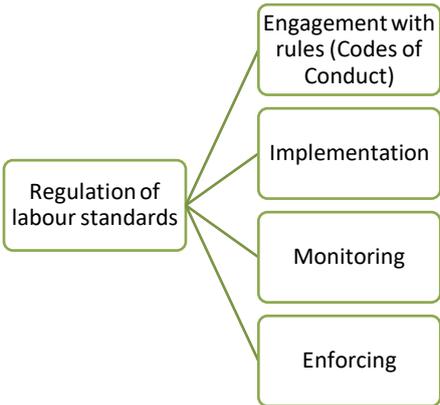


Figure 1 – Regulation of labour standards (regulatory potential)

The regulation activities are defined by means of those 4 practices. These regulation practices will be focused on during the interviews to discover the regulating role of intermediaries in the fashion supply chain.

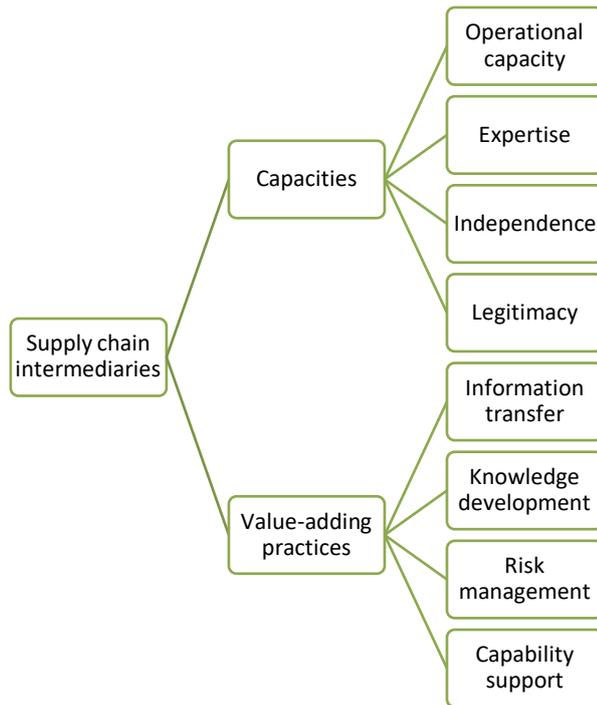


Figure 2 – Supply chain intermediaries

Supply chain intermediaries are as well defined in the theoretical framework. Different capacities are conceptually addressed to them and four different value-adding practices are identified by Cole et al. (2020). Those capacities and value-adding practices are considered during the interviews and it is researched how intermediaries could potentially use these practices to contribute to the regulation of labour standards in the supply chain.

### 2.5.2 Conceptual model

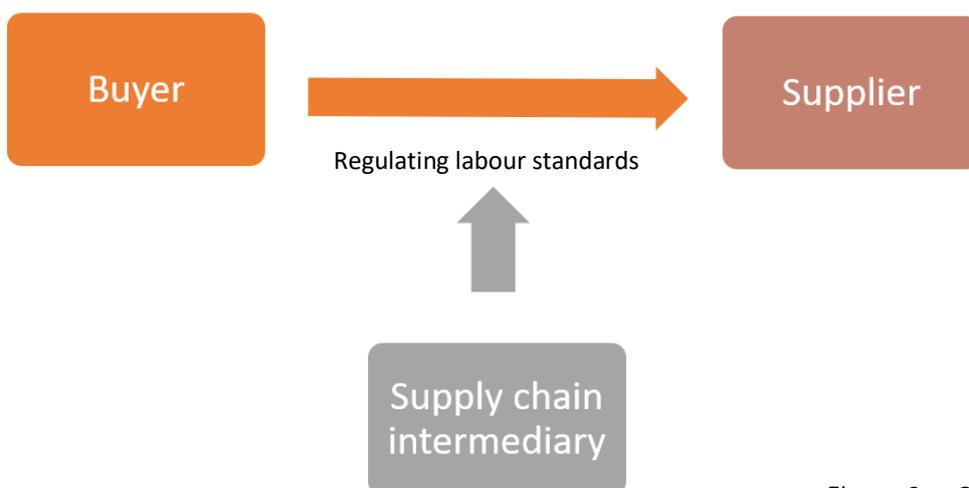


Figure 3 – Conceptual model

Figure 3 illustrates the mediating role of the supply chain intermediaries that this paper will investigate. There is a dependent buyer-supplier relationship that requires regulation of labour standards to which supply chain intermediaries might contribute. The sensitizing concepts, which are

showed in 2.5.1, explain regulating labour standards and supply chain intermediaries and how those concepts will be used throughout the research and data collection.

The current situation is problematic and labour standards are violated (Hammer et al., 2019). There is a high need for regulation of labour standards and an improvement of the situation. Supply chain intermediaries mediate between buyers and suppliers and their role in regulating labour standards (figure 1) in the fast fashion supply chain is researched in this paper by means of their capacities and value-adding practices (figure 2) and how this contributes to the regulation of labour standards.

### 3. Methodology

This research aims to investigate the role of supply chain intermediaries in regulating labour standards in the global supply chain. This chapter elaborates firstly on design of the research, which methods will be applied and why. Afterwards the sample selection will be explained, followed by the methods for data collection. Then will be discussed which methods will be applied in the data analysis. Lastly, limitations of the research and research ethics will be addressed and an epistemological reflection will be provided.

#### 3.1 Research design

This research was based on qualitative research methods. Qualitative research aims to gain deeper understanding on social phenomena (Fossey, Harvey, McDermott & Davidson; 2002). The aim is to develop a deeper understanding of the role of supply chain intermediaries in governing labour standards in the global fast fashion supply chain. Besides, qualitative research provides the opportunity for respondents to share elaborate thoughts and ideas on the topic, as well contributing to a better understanding of the issue (Symon & Cassell, 2012). There has yet been done little research on the subject of supply chain intermediaries and qualitative research was therefore required in order to gain deeper insight into the subject.

The qualitative research was executed on the basis of interviews within a descriptive study. The interviews were conducted with employees of different supply chain intermediaries operating in the fashion industry. The interviews have focused on discovering the role of intermediaries in the supply chain regarding the regulation of labour standards.

This research has followed an abductive research approach. This approach aims to discover new empirical findings combined with a provided theoretical background on the researched concepts (Timmermans & Tavory, 2012). This research is provided with an extensive theoretical background and has explicitly defined the researched concepts, while aiming to discover new information about the role of intermediaries in regulating labour standards specifically in the fashion supply chain, which is something that has barely been researched before. Even though existing theory is used, it is less

appropriate to use a deductive approach, as we do not know anything yet about the role of supply chain intermediaries in regulating labour standards in the fashion supply chain. The abductive approach, however, takes into account this theoretical background aiming to simultaneously discover new interesting information on the topic (Timmermans et al., 2012). This research has theorized the role of supply chain intermediaries as described in already existing literature, substantiated by literature about regulation practices. This theory was used to guide the researcher through a part of the interviews during data collection, however the researcher has as well been open for new information, thoughts and experiences provided by the interviewees. There has been room for the interviewees to openly talk about their role in the supply chain, contributing to the understanding of the role of intermediaries in the regulation of labour standards in the fashion supply chain.

The underlying philosophy for this research is critical realism, thereby the research will be done in an interpretative way. According to the critical realism perspective, reality is subject to human factors (Bleijenbergh, 2013). Certain human factors, like our senses, thoughts and images, might shape/influence what we consider reality. Critical realists recognize that those factors might get involved in a researched reality, because reality does not exist without human perceptions, theories and constructions (McEvoy et al., 2006). In this research is aimed to research a reality regarding the global supply chain and the role of supply chain intermediaries. However I, as a researcher, can only observe this reality with my senses, thoughts and images. The critical realist approach considers those human factors during the research, shaping reality while taking into account human interference. Besides, social realities only exist when it is in the researcher's ability to observe them (Scott, 2017). The researcher did not have unlimited access to data sources, for which the researcher's reality is based only on sources that have been access to. This means that the researcher's reality has been based on the reality of seven different interviewees, who as well have their own realities created by their senses, thoughts and images. Critical realists aim to create a deeper level of understanding of a phenomenon, aligning why my aim of this research (McEvoy et al., 2006).

### 3.2 Data collection

This research has focused mainly on data collection by means of interviews. Interviews have been conducted with employees of supply chain intermediaries operating in the fashion industry. The interviews have allowed the researcher to better understand something by experiences and explanations of the interviewees (Symon et al., 2012). Interviews were semi-structured, having left space for the researcher to be flexible during the interview, while providing guidance throughout the interview (Maxwell, 1996). The interview guides contained pre-determined themes based on theoretical findings from chapter 2, in order to cover all the important aspects of the research question, while leaving enough space for opinions, experiences and thoughts of the interviewee. Each

interviewee was asked to provide feedback at the end of the interview, regarding the interview questions, and whether they had anything interesting to add. This has provided the researcher with some more questions for following interviews, that again lead to interesting findings. The feedback was evaluated and incorporated in the interview guide in order to optimize following interviews. The final interview guide is provided in appendix A.

Seven interviews were conducted, all lasting between 1 – 2,5 hours. This research aimed more detailed in-depth interviews instead of focussing on quantity, as this research focusses on the in-depth role of intermediaries in regulating labour standards. The interviewees were mostly contacted via LinkedIn. Contacting potential interviewees via LinkedIn allowed for pre-checking interviewees’ professional backgrounds and interests and thereby pre-selecting them based on the fit to the topic of responsible supply chain issues. Intermediaries are highly inaccessible, since they are not very known and it is hard to get in contact with them. Therefore the Snowball sampling has been an effective method to gain access to interviewees (Vedel et al., 2013). Snowball sampling uses participants of the research for finding more participants for the research (Goodman, 1961). The first interviewee has posted a picture of the interview on his LinkedIn, through which the researcher was able to get some more respondents. Besides, other interviewees have brought researcher in contact with colleagues that could have been interviewed. The interviewees had to meet the criteria of working for a supply chain intermediary operating in the fashion industry. Therefore they would require experience with sourcing activities and with working with both retailers and suppliers. The interviewees were all working in different departments of different supply chain intermediaries, for which the intermediary’s role could be explored from many different perspectives. The interviews have provided a good understanding of the role of supply chain intermediaries in the fashion supply chain regarding the regulation of labour standards. The positions the interviewees were holding at the time of the interview are provided in table 1 below. Some interviewees have held different positions in several intermediaries, which is not provided in the table below. Therefore the years of experience the interviewees have in the fashion industry and in supply chain management is provided in another column, as this as well determines how much information they were able to provide during the interview.

<b>Interviewee</b>	<b>Department</b>	<b>Years of experience in the fashion sourcing business</b>
R1	Head of productivity / strategic director for growth and development	8 years
R2	Sales manager	10 years

R3	CEO sourcing department & president of supply chain	31 years
R4	Director	29 years
R5	Social and environmental affairs	15 years
R6	Head of vendor social compliance	?
R7	Sourcing agent	35 years

*Table 1 – interviewee’s background*

Almost every interview was recorded and afterwards transcribed and analysed, provided that the interviewees have allowed for recording. Only one interviewee did not allow recording of the interview, due to confidential issues. Instead of recording this interview, extensive notes were written down during this interview. Provided that this interviewee as well had limited time for the interview, an adjusted interview guide was used for this interview. Recording and transcribing has allowed for elaborate analysis and improved reliability and validity of the research. Due to privacy considerations, the interviewees will remain anonymous and their names are not mentioned throughout the paper. Instead, they are referred to by using abbreviations for each interviewee by R1 until R7, as you can as well see in table 1.

The interviews have been supported by a factory audit report, which was provided by one of the interviews and some publicly available documents, like codes of conduct and sustainability reports, were read as well, in order to be well prepared for the interviews. Documents provide background information or information substantiating interview data (Symon et al., 2012). The document that was provided by one of the interviewees has been analysed and included in the research as it supports interview data of different interviewees. Besides, because the interviewees were approached via LinkedIn, their backgrounds and LinkedIn profiles were looked at before the interviews in order to ask more specific questions about their work.

On top of the interviews and the reviewed document, the researcher has taken notes throughout the whole research period, including writing down ideas and thoughts emerging during the research process. Interviews were recorded, which has allowed the researcher to as well take notes during the interviews. These notes have as well improved reliability and validity of the research as it has provided the researcher with knowledge throughout the whole research process that could be used during the data analysis.

### 3.3 Data analysis

After data collection, the data was analysed. The analysis of the data has been done in an interpretative way, taking into account the interviewee’s and the researcher’s realities. The interpretive analysis acknowledges that a reality is constructed by human actors and that each

individual creates their own reality (Walsham, 2006). Taking into account the interpretive nature of each interviewee's and the researcher's reality by applying the interpretive research method contributes to the validity of the research. Besides, the researcher's reality depends on what is in her ability to observe (Scott, 2017), combined with her own ideas, thoughts and images. The human factor in constructing realities, therefore, is taken into account by choosing an interpretative analysis (Walsha, 2006), corresponding to the critical realism philosophy as described previously. This research has followed a qualitative analysis method by conducting and analysing interviews and documents. Like explained above, the interpretation has been done in an abductive way. After all interviews were transcribed, the analysis had started by reading through the transcripts, gaining first insights and understandings on the study. During this pre-analysis phase (Elliot & Timulak, 2005), the researcher took notes on interpretations and emerging ideas, which were used in further analysis.

After the preparation of the data and the pre-analysis, meaning was given to the data by addressing codes. Codes have been used to address meaning to and to interpret the data (Bleijenbergh, 2013). The codes have provided the researcher the ability to structure and analyse the data (Babbie, 2001). Open coding has allowed the researcher to explore the data and address emerging codes to remain open for all information that the interviewees provided during the interviews. These codes were grouped together under overarching themes by applying axial coding. There was no pre-determined amount of codes and codes have emerged during the analysis. An example of an open code that emerged through the research is trainings & education. This code eventually is grouped under the theme improving working conditions among some other codes, like consumer awareness and digitalization. On top of the open codes, there were 4 codes that were pre-determined based on the theoretical background. These codes are: Knowledge development; Information transfer; Risk reduction; and Capability support. Those are grouped together under value-adding practices of intermediaries. The remaining codes have as well been grouped together into four overarching themes, through axial coding, based on which the results are outlined. Those themes are the position of the supply chain intermediary in the supply chain. This includes both the relationship with the supplier and the relationship with the customer. Another theme is the value-adding practices of the supply chain intermediary and therefore the value the intermediary adds to the supply chain. Then regulation and controlling labour standards is another theme, including an intermediary's practices to regulate labour standards in factories. This as well includes what labour standards an intermediary upholds. The last theme that is derived from the data is improving working conditions, including what intermediaries actively do to make improvements regarding labour in the supply chain or what important factors are in improving the working conditions. Below the coding scheme is shown in figure 4, including all the codes and themes. In Appendix B, a more extensive scheme is included, providing exemplary quotes from the interviews for each first-order code.

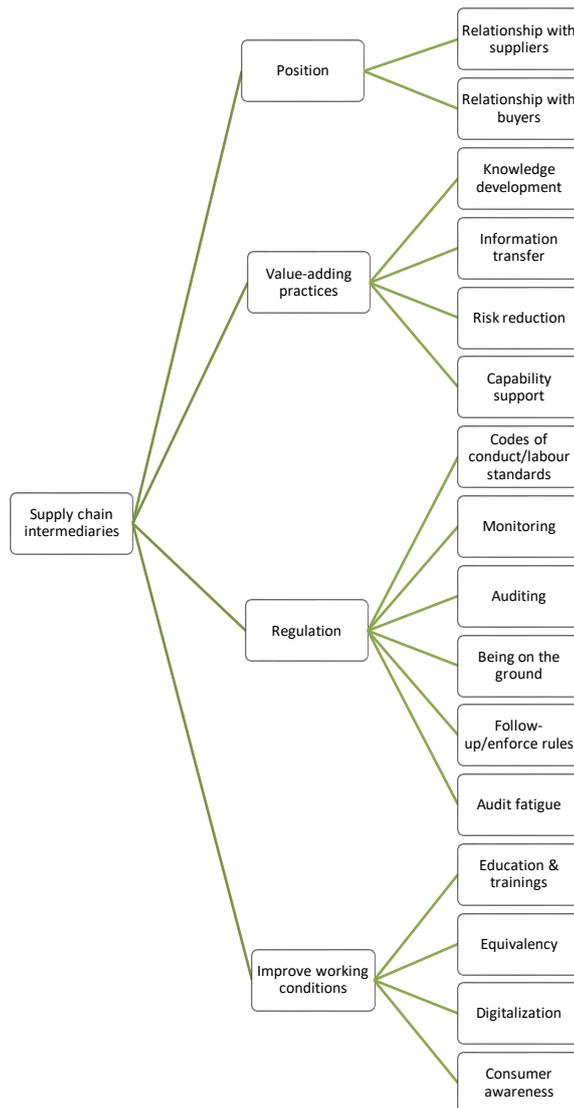


Figure 4 – Coding scheme: themes & codes

### 3.4 Research ethics and limitations

In order to have conducted this research in an ethical way, several measures have been taken. There is a moral demand for researchers to minimize subjectivity throughout the research (Oliver, 2010).

Choices that were made throughout the research process have been substantiated in the methodology chapter as well as been reflected in the discussion chapter. Besides, subjectivity and interpretation of collected data by the researcher have been taken into account as this possibly has influenced the outcome of the research. This is due to initial thoughts and ideas on the topic and the researcher's background knowledge during the research. The questions that have been asked during the interviews were partly predetermined in an interview guide which is provided in Appendix A and partly dependent on the researcher in her ability to respond to interviewees's answers. The interview guide has priori to the interviews been checked by my supervisor and discussed with a fellow student in order to limit subjectivity of the researcher during the interviews. Besides the codes that were

applied to the data were discussed with a fellow student as well, as coding highly influences the interpretation of the data (Bleijenbergh, 2013).

Besides, Dumay & Qu (2011) have defined some ethical obligations when involving human participants in a research. Participants should not be forced into participating in the research and they should be well informed about what participating in the research implies (Dumay et al., 2011). Therefore, all interviewees were properly informed about the aim of the research and they were respected and thanked for taking the time and effort to participate. They were beforehand informed about what would be expected from them during the interviews. Besides, they were able to withdraw from the interview at any time and were free to refuse to answer any question. On top of that, participants were aware of the fact that data would be treated confidentially and that they would remain anonymous in the paper. Previous to the interviews, the participants were asked to allow for recording of the interviews. With the exception of one interviewee, everyone agreed to recording the interview. In order to thank the interviewees for their time and effort in participating in the research, the paper is as well send to them. Many interviewees mentioned to be happy that supply chain intermediaries are being researched by a student and they would be happy to receive the paper as it hopefully provides helpful information for them and their customers. Eventually the goal of this research is to provide helpful insights and findings that the companies can use to hopefully in the end improve supply chain practices.

## 4. Results

During the research, seven interviews were conducted with employees from different supply chain intermediaries. The employees were operating in different environments, which has provided much information about the role and the possible contribution that supply chain intermediaries can make in the supply chain regarding labour standards. The role of intermediaries was perceived in different ways, depending on the position and focus of the interviewee within his/her company. Based on the interviews, I was able to identify several factors that the role of intermediaries is depending on, regarding the regulation of labour standards. Those will be discussed in the following chapter. Firstly, the general role of supply chain intermediaries will be explained. This will be done by discussing the position of supply chain intermediaries and their value-adding practices that have been described in chapter 2. Thereafter, their role in relation to the regulation of labour standards will be discussed and explained adding new information to regulation as it was described in chapter 2 regarding the role of supply chain intermediaries. Afterwards, the possible efforts that supply chain intermediaries make to improve the working conditions in the supply chain will be explained. Lastly other important factors that influence the supply chain intermediaries' ability will be discussed.

## 4.1 Position of supply chain intermediaries

Supply chain intermediaries coordinate the relationship between buyers and suppliers. My findings showed that depending on the specific supply chain intermediary, the amount of necessary coordination and the fields of coordination differ. Varying from designing, price negotiation, quality controls to being on the ground continuously to monitor the situation, controlling and regulating CSR and providing capacity support. The amount of efforts that supply chain intermediaries put into among other things monitoring, regulating CSR and providing capacity support depends on several factors, which will be explained in a later section. This first section will explain roles of supply chain intermediaries in sourcing in relation to their buyers and their suppliers. During the interviews there has been separately focused on the intermediary's relationship with the retailer and the supplier. The basis of these relationships and why it is beneficial for buyers and suppliers to work with supply chain intermediaries will be explained in the following.

### 4.1.1 Important aspects of the relationship with the buyer

Supply chain intermediaries perceive themselves as working for the buyers, who are considered intermediary's customers. The buyers demand, therefore, is the main focus of the intermediary. The demands of the customer are related to price, quality, time delivery, styling of the products, for which the intermediary has to find a factory that is able to meet those requirements. On top of that, demands might be related to CSR issues like labour standards or other codes of conduct that the factory has to measure up to. R7 mentioned that customer requirements are not negotiable. Their requirements simply have to be met by the factory and if a factory does not have the ability to meet the requirements, the intermediary will just have to look for another factory that does. The buyers have the strongest position in the supply chain, as the intermediary and the factory will have to measure up to their requirements. R6 explained the difficulty that comes with this. Most customers have interest in low prices, short lead times and high quality and this puts high pressures on factories to produce and on intermediaries to find factories that are able to meet the requirements. The ability of the intermediary to act within the supply chain therefore highly depends on what their customers demand from them.

Nevertheless, the supply chain intermediaries aim to build a good relationship with their customers by good communication. When an intermediary starts working with a new customer, it is important for them to really understand this new customer's values, requirements, standards regarding quality and CSR and expectations.

*"We build relationships with the customers we work with, we spend days with them to really understand what's important for them." (R1)*

*“When I get a new customer, I need to understand what they’re doing, what they’re selling, what are their volumes, what are their standards and the price levels and based on that I need to decide where we can source these garments” (R2).*

The relationship with the customer implies two-way communication, which is mentioned by R1. The customer communicates their requirements and values, while the intermediary communicates everything related to the factory or production process to the customer. The relationship is based on transparency and the two-way communication results in respectful relationships aiming for the long-term. *“It is a very respectful and two-way relationship” (R1). “If you are a long term partner with a factory, you build a trust with them” (R2).* They invest time to get an understanding of what to expect from each other. By understanding what the customer is looking for, the supply chain intermediary knows what to look for as well. This firstly implies understanding the customer’s quality standard, the scale of the order, the price they demand, the time scale for the order, design implications of the order, etc. Besides, understanding the customer implies understanding what is important to the business, their business value and what their norms and values are.

Intermediaries work for their customers and fulfil a variety of tasks, aiming to develop their customer’s supply chain. *“We are helping the customers to improve and build their supply chain in every aspect” (R2).* Depending on the customer’s demand, their tasks might involve, among others, quality controls, production follow-up, finding the right supplier and sustainability controls, and therefore intermediaries make sure that customer’s orders are produced under their conditions. By building on a good relationship with their customers and really understanding their values and requirements, the intermediary is better able to find the supplier that meets the customer’s requirements. Besides, the intermediary takes over the sourcing tasks related to production, accreditation and monitoring and communicates everything to the customer. Supply chain intermediaries find and select the most appropriate factory from their supplier base for the customer and their order, based on customer’s requirements. Those requirements differ for each customer and each order. The supply chain intermediary checks the quality of the production in every stage of the production. They arrange sampling, negotiate the price, inspect the factory on CSR - and technical requirements, do factory audits, communicate about possible problems during the production process, follow up on the suppliers if there are any problems, etcetera. Supply chain intermediaries work more effectively with their suppliers as they have a bigger supplier base and more experience with supply than their customers generally have.

*“We help them design, we help them find the right factory, right price and right logistics.” (R2).*  
*“I always try to provide the best service by the supplier to the buyer, to save the time of the buyer and help for good price negotiation, whatever the buyers wants from the factory. Good*

*price negotiation, good quality of production and timely delivery, good services and even a good environment of the factory” (R7)*

#### 4.1.2 Important aspects of the relationship with the supplier

To follow up on the previous section, which explained that supply chain intermediaries work for their customers and suppliers will have to measure up to the requirements of the customer, this section will explain what the relationship of the intermediary with the supplier entails. It will be discussed what the difficulty is in the relationship with the supplier of the non-negotiability of the customer’s requirements and how the relationship of the intermediary with their customers impacts the relationship with the supplier. When a supply chain intermediary will start working with a new supplier, they will do different factory audits to check technical – and CSR standards in the factory. Those standards differ per supply chain intermediary, as they have their own audit reports that they follow. The factory audit includes two focus areas, which enables the intermediary to match the customer order to the right factory. One is the technical production competency, which focuses on the manufacturing side of the supplier. This includes checking the factory setup, the equipment and materials etc. The other one is the sustainability assessment, including worker wellbeing, what the conditions in the factory are like for workers, whether they have a cafeteria and what kind of nutrition is provided there, whether there are fire escapes and other safety standards, etc. All criteria have to be met by the factory to pass the factory audit. If the factory does not pass the factory audit, the supply chain intermediary will not have business with the supplier.

*“If they don’t meet the criteria, we are not going to have a business” (R1).*

R4 has sent the standard factory audit they execute when onboarding a new factory. It is a very extensive report, that they call *“Social, quality system and code of conduct audit”*, in which they check all their standards. *“So before we start working with any new manufacturer, our auditor will go to the factory and he will conduct a complete audit. It contains social labour standards and social compliance and production capacities, production capabilities, everything is included in that report” (R4).* Due to privacy policies, I can not include the whole audit report in this research. Therefore I have included a table in Appendix C including the topics that are stated in the report. All topics are tested by a list of questions that have to be filled in in the report by the auditor.

As explained in 4.1.1, customer requirements are not negotiable for suppliers. Suppliers just have to follow those requirements. The requirements depend on the customer and how the supply chain intermediary deals with the supplier depends on the intermediary. One interviewee (R4) mentioned to have no relationship with the supplier, because their relationship and their responsibility is with their customer. He says to be working for the customer and protecting the customer’s interest, which makes that the relationship with the suppliers often is not good. However,

other interviewees mentioned to aim for a good and long-term relationship with their suppliers. Trust and transparency were important factors in the relationship with the suppliers.

*“When we are choosing a factory, we are not choosing a factory that we can give one order and then don’t work with them again. We are trying to choose a long-term partner. The factory needs to trust us and we need to trust them. If you are a long-term partner with a factory, you know every detail and everything and you build a trust with them. Then things will go better” (R2).*

*“I think the key to working with suppliers and having a good relationship is having an open and transparent partnership with them. So it really is very much reliant on an open and honest relationship and then you can both get the best out of working together” (R5).*

So whenever there are problems, the suppliers go to the intermediary to make it as open and transparent as possible. R5 mentions to be working proactively rather than reactively in their relation with the suppliers. This means that whenever there are challenges, they will help the supplier to overcome them. However in order to be able to help, the supplier will have to be honest about problems and challenges. Then they can discuss and together find a solution for the problem.

*“ I maintain a good relation with the factories. Whenever they want my help to conduct training or my help to improve the quality of the product, I always cooperate with the factory. I always guide the supplier, but I will not accept anything below the standard of the quality. So if they keep the standards, then I will maintain a good relationship with them and anytime they can call me” (R7).*

The supply chain intermediaries place certain requirements and standards of their customers on the supplier, while aiming to provide the necessary support for the suppliers to meet those requirements and standards, provided that their relationship is trustful and transparent.

Supply chain intermediaries will often have people on the ground in the factories, monitoring the production and the situation. The intermediaries visit the factories to check on the production. This can be daily, weekly, monthly or even yearly. The situation which they monitor in the factory will be reported to the customer whenever they ask for it. The intermediary provides support in the production process as well as timely feedback on production – or quality errors.

#### 4.2 Value-adding practices: what does the intermediary add in the buyer-supplier relationship?

Supply chain intermediaries try to find the right balance in meeting customer requirements and providing support for suppliers to comply to these requirements. They have a coordinating and balancing role between customer demand and supplier needs. R6 mentioned in the interview that suppliers and customers generally have conflicting interests, which makes their collaboration difficult.

Supply chain intermediaries are there to contribute to a more collaborative approach between suppliers and buyers by mediating in their relationship and aligning their interests.

During the interviews, the interviewees were asked what the intermediary adds to the direct buyer-supplier relationship. R1 mentioned that this actually was an interesting question, as he was wondering this even after working in the business for a while. However, after he figured that it was very hard for a retailer, located in Europe or the US, to find a supplier that meets all their requirements, considering the limited resources that they have. *“It is very hard for a customer in Europe or the US to find the exact manufacturer that fits all of their criteria, both for product type, CSR and sustainability requirements. It is very hard to find out of hundreds and thousands of factories in countries the right one” (R1).* Supply chain intermediaries have experience with many different factories, which makes it easier for them to find the right supplier. *“We have people with 20/30 years experience. So now when we go to a factory, even without seeing any paperwork, or any licensing, any standard, you can understand what they're doing. So it takes a little bit of experience to understand the factories” (R2).* Besides, with their experience, suppliers understand better how factories run and therefore how to support them to ensure the best possible outcome. With their experience, supply chain intermediaries are on the one side able to support factories. However, on the other side, their experience as well enables them to guide customers and support them in the production – and sourcing process.

Key in the buyer-intermediary-supplier relationship is **trust and transparency**. Supply chain intermediaries aim to add trust and transparency to the buyer-supplier relationship, by building good relationships with both the buyer and supplier. They aim for long-term relationships with their customers and their suppliers, which provides a sense of certainty and a level of trust in the relationship. Besides, intermediaries have people on the ground in the factories, aiming to contribute to the transparency in the supply chain. Having people on the ground provides a much better understanding of what is actually going on in the factory.

*“So when we are here in the middle, we can create a better and more trustworthy relationship” (R2).*

*“The intermediary has people on the retailer side. So I talk to my customers every day, if they have a problem, if there is any thing that they need to solve, if there is any new demand that they want to find. Same thing on the supplier side. So it really helps to build the trust with both the supplier and the customer” (R2).*

Supply chain intermediaries are neither part of the buyer – or the supplier company, which gives them an independent position in the supply chain. This enhances their ability to execute the following four practices that will be explained in the next sections. Those practices explain the value they add and how this contributes to trust and transparency in the supply chain.

#### 4.2.1 Knowledge development

Supply chain intermediaries play an important role in developing knowledge in the supply chain. Many interviewees mentioned the superior knowledge about the supply chain that intermediaries have compared to their suppliers and customers. They gain a lot of experience from working with many different customers and suppliers, providing them this superior knowledge and expertise. According to R1, this experience provides the intermediary with a certain basis knowledge regarding the supply chain and the industry enhancing their ability to match customers with suppliers and coordinate the relationship. They just know more.

*“We understand exactly what the customer is looking for and we understand what to look at in a manufacturer to hit all the points” (R1).*

*“I think a lot of the knowledge and expertise can help provide a more in depth service” (R5).*

Subsequently, supply chain intermediaries are closely related to both their customers and suppliers, for which they are able to get all the information they need from both sides. R6 mentioned during the interview that by being in the middle of multiple customers and multiple suppliers in the supply chain, intermediaries are definitely able to create more knowledge in the supply chain. From their experience, intermediaries know what information is relevant and what knowledge is important to generate from both sides. When onboarding either a customer or a supplier, an intermediary knows where to focus on, because they have already onboarded many others and have experienced many different situations. When onboarding a customer, an intermediary tries to understand the new customer and their values to know what to look for in a supplier. When onboarding a new supplier, they have audits to execute and check all the necessary things.

Contributing to the intermediary's ability to get all the information that they need is having people on the ground. Having people on the ground contributes to transparency in the supply chain. R6 mentions that having a local presence by having people on the ground means to having local knowledge and local understanding. Therefore intermediaries are able to see the actual situation going on in factories and in the countries where factories are located. Seeing and understanding the actual situation provides value to both the supplier and customer.

*“We see what's going on. I think the biggest part of the intermediary of everything is, they really see what's happening on the ground and they have too much knowledge to disregard. They have much more knowledge than retailers and everything” (R1).*

#### 4.2.2 Information transfer

The supply chain intermediary mediates in the communication between supplier and buyer. During several interviews was mentioned that communication is key in maintaining good relationships. The transfer of all the available information in the supply chain and the production process contributes to

the transparency in the supply chain. Good and honest communication, mentioned as 'two-way information exchange' by R2, provides transparency and trust in the relationships and the supply chain.

Intermediaries aim to provide full visibility in the supply chain for all the stakeholders involved. Therefore the intermediary makes sure that everyone in the supply chain is aware of equal information by communicating on a daily basis with either the supplier and the buyer as mentioned by R2. All the information that the intermediary gains in the factories is available and given to the buyer. Before an intermediary starts working with a customer, they provide them with all the information the customer wants to know. This could be information regarding factories that the intermediary is working with, the standards they have, their certifications, everything about corporate social responsibility (CSR) issues that the customer might be concerned with. Based on all this information, the customer can decide whether to work with the intermediary and the factory or not. On the other side, all the information that is gathered from the customer, is as well available for and communicated to the supplier, in order for them to understand what to produce. *"So it's about three way communication of everyone being informed of what's actually happening"* (R5). This could be information regarding the customer's order, their quality standards, their values and brand image, etc.

*"We have to understand what is happening at that very end customer and then go back and explain that to the suppliers. We have to say, you know, this is what you need to do and this is what we know, because this is important for our customer to sell their products"* (R1).

During the production, the intermediary is often present on the ground in the factory as is explained in the previous section. All the information that is gathered on the ground by a local team, is reported to an internal communication team in the supply chain intermediary and reported to the customer. Besides, what is monitored on the ground regarding the production is also reported to the supplier, providing them feedback on what is going well and what could be done better.

*"All inspections are going two way: one to retailer, one to supplier, so they both know what they're getting"* (R2).

Intermediaries are as well able to overcome possible language barriers, as they need to speak multiple languages. Often suppliers and buyers are located in different countries. Intermediary's customers most often are located in the USA or Europe, whereas suppliers are mostly located in Asia or Turkey for example. Therefore language could become a problem and intermediaries need to be able to speak multiple languages of either their customers and their buyers to optimize communication.

Furthermore, possible time zone differences are also dealt with by intermediaries, for which information transfer processes are accelerated. Because suppliers and buyers are mostly located in different continents, they are in different time zones, which could become a problem in the

communication between the buyer and the supplier. Therefore the intermediaries aim to bridge this time zone difference by working in day- and night shifts in case certain problems develop in the production.

*“We have to communicate very quickly. So that's why we have to work in two shifts. Some people will work in the daytime, some people will work in the evening time to cover the time differences. Very important. If it's not done properly, then the production might be delayed” (R4).*

Intermediaries aim to get as transparent as they can get by information transfer. *“You can't be in a business where you can't be transparent about your supply chain anymore” (R1).* However, the value of information transfer depends merely on how much each party feels like the information is reliable. Therefore information transfer should be based on a certain trust level in the relationship with the intermediary.

*“And this comes to trust associated with transparency. So how much transparency is the independent supply chain service provider providing to the customer? And how much of it do they feel is reliable?”(R3).*

#### 4.2.3 Risk reduction

As a result of knowledge development and quick information transfer, intermediaries gain the ability to reduce risk in the supply chain. *“I do view it as inherently part of these independent sourcing agents' responsibility to try and mitigate the risks as much as possible” (R3).* According to R3, independent supply chain intermediaries reduce risk in two areas: financial and operational. Firstly, financial risk is reduced for customers, as they pay a variable amount of money to the supply chain intermediary, who then carries out sourcing activities for the customer. Otherwise they would carry a high risk of sourcing in fixed costs in a very dynamic and risky industry. In addition, operational risk is reduced, because sourcing is very complex. Supply chain intermediaries have more flexibility in the industry as their supplier - and customer base are big. They operate in many different countries, with many different retailers and suppliers, for which they are able to provide better service with lesser risk. Supply chain intermediaries have experience with many different factories and therefore know better where to source a specific order than their customer would know.

Due to being on the ground, local teams are able to detect problems as they occur by quality controls. Potential risks are reported, after which feedback and, if necessary, support is provided to the supplier to prevent the risks from becoming a problem. *“There was something that could turn into a problem, but we identify it and resolve it before it gets that far” (R5).* This relates to the intermediaries working proactively instead of reactively. They proactively monitor and search for risks before they become a problem, instead of reacting to problems occurring. Therefore risk is reduced.

Besides, intermediaries have a presence in the countries where the suppliers are located. This means that they have knowledge on the general situation in those countries and possible country-related risks. *“So obviously different countries will have different risks” (R5)*. Those risks can much sooner be detected by intermediaries when being on the ground in those countries, than a retailer would be able to. Those risks could be related to pricing of raw materials or political issues for example.

Furthermore, intermediaries reduce risk for suppliers by providing them with probably more than one order. Most interviewees mentioned to be building long-term relationships with either the customer and the supplier, for which suppliers would most likely be getting more than one order from an intermediary as they work with many different customers. Giving a supplier more orders, subsequently means giving them more revenue and possibilities to grow and develop.

*“A retailer has only one order to give to a specific supplier, but an intermediary may have five orders that they can give to them. So it is easier for an intermediary to manage and to keep costing down” (R1)*.

In addition, the presence of intermediaries on the ground in factories reduces risk for customers, but as well for suppliers themselves. Intermediaries monitor the production and detect production errors whenever they occur. This prevents errors to become visible only at the end of production, when it would become the supplier’s responsibility and problem.

#### 4.2.4 Capability support

Intermediaries aim to build long-term relationships with their customers and suppliers. R1 and R2 mention to be ‘strategically growing with their suppliers’, implying that they aim to enable suppliers to grow and develop, provided that the suppliers are given repeatable orders. Provided that the relationship is focused on the long-term, the intermediary aims to develop the factories, because it will be to their own advantage as well in the future. Being strategic with your factories means that you can for example improve the factories’ capabilities, their CSR sustainability initiatives, because there is a stream of revenue and a provided certainty of orders. The intermediary may provide trainings, education and materials to improve efficiency, quality and working conditions.

*“We want to be strategic and give repeatable orders. So in that you can improve the factories’ capabilities, their CSR sustainability initiatives, because there is a stream of revenue and orders coming in, rather than just going after the cheapest vendor” (R1)*.

The transparent and trustful core of the relationship of the intermediary with the suppliers, gives them the ability to provide capability support. The transparency in the relationships also provides the intermediary with the ability to detect problems and areas where capability support is necessary, whether it’s quality issues or CSR issues. When problems are discussed, intermediaries are able to provide support and help to solve problems. *“There’s many different types of trainings and*

capacity building that you can do with factories to help support them or their growth and development within the business" (R5). Having people on the ground as well enables intermediaries to provide support in solving problems on the spot. "So it's always easier to solve the problem when you are in the factory, because you can see it faster, you can solve it faster" (R2). According to R1, strategically growing is not possible when an intermediary would just go after the cheapest supplier. If you're not building a good relationship with trust and transparency, the vendors will cut corners to make the production cheap and you will not be able to grow with the supplier. When suppliers cut corners, then the employees will suffer.

*"We believe that if you just go after the cheapest vendor, then these vendors cut corners to make the products cheap. And when they cut corners, unfortunately it is the employees and the operators that see the bad side of that" (R1).*

In addition, the intermediaries are able to support the customer as well, as they have a big customer base from which they can learn. They have a lot of knowledge that they can pass through to underdeveloped customers in order to help them grow as well.

#### 4.3 Regulation: controlling working conditions in factories

The previous sections have focused on the general role and abilities of intermediaries in the fashion supply chain. The core of the relationships with their customers and supplier is explained and how supply chain intermediaries add value to the supply chain. **In the following sections, the role of the intermediaries will be applied to the regulation of labour standards in the supply chain.** To begin with how intermediaries control working conditions in factories by monitoring and auditing standards followed by what they particularly do/can do to improve the working conditions in factories. Afterwards, some important factors that influence an intermediary's ability to improve the situation are discussed.

##### 4.3.1 Why do we currently need to control labour standards?

Before explaining how labour standards are controlled in factories, the reason that came forward during the interviews why we need to control labour standards will be explained. The developments in the fashion industries have put much pressure on the suppliers to produce cheaper and cheaper. Suppliers will try to cut costs in order to get more orders. The only area in which they can significantly cut costs is labour.

*"The supplier, the manufacturer is under too much pressure to produce at a very cheap price, so they try to cut costs. ... And how can you make a garment cheaper? Electricity is controlled by the government, you can't go and negotiate the electricity price. Natural gas price is controlled by the government, you can't go and control natural gas price. Raw material prices, international market, you can't go and reduce the price. So the factories are left with just focus*

*on labour and how to cut labour cost. That's the only thing they can do and that's what they do." (R4).*

According to R4, the situation is 'as bad as ever'. R3 mentioned that overconsumption by end-customers is a big problem and other interviewees mentioned that even though there are improvements in the supply chain, we are far from where we should be when talking about labour standards.

#### 4.3.2 Factory audits

Each supply chain intermediary follows different standards when it comes to labour standards. The extent to which they actively control labour standards depends on their own standards and their willingness to regulate working conditions in the factories. Those codes of conduct can vary from the bare minimum legal standards to very high set standards. When onboarding a factory, the whole factory is checked on all those standards during a factory audit. Factory audits are very time consuming and very costly. After onboarding a factory, they are often done 1 or 2 times a year.

During a factory audit, the whole factory is checked based on the intermediary's – and its customer's standards. Every factory keeps up books in which workers write their working hours and wage payments, which are available for auditors during factory audits. Those books provide insight in whether workers are paid and if they are paid in time and whether they are working overtime. Besides, the factory is checked on its safety, fire escapes, exposure to chemicals and ventilation in the factory and whether all basic legal facilities for the worker's well-being are present. On top of the legal standards, some intermediaries have their own higher standards that the factory will be checked on during those factory audits. This includes for example whether healthy nutrition is available for the workers or whether there is a children's day-care.

*"Auditor will go to the factory just once a year. So during those period, manufacturers can manipulate the things. He can get the certification. So everyone is a certified supplier" (R4).*

*"Wages for factory is sensitive and not always honest. A lot of factories hide the truth of what the wages are..... And you can challenge that, because it could be fake documentation". (R3).*

R3 is talking about the books that each factory keeps up about working hours and worker's payments. Those books might be manipulated by factory owners during the factory audits as R4 as well mentions. The factory audits are always announced and therefore possibly prepared for by factories. When the auditors leave the factory after auditing, there is no insight left in the situation in the factories. This does not provide the transparency that many intermediaries are aiming for and therefore they have emphasized that the trust and transparency that they aim to add to the supply chain are so important. Factory audits are very comprehensive and it might even take a week to do the full audit. What the situation is during a factory audit, does not necessarily mean that that is the situation in the factory all the time. The factory audits are only done 1 or 2 times a year, hence just

represent a snapshot of the factory situation at that time. Therefore the intermediary's presence on the ground contributes to the visibility in the factory situation and its ability to control labour standards. How actively an intermediary controls labour standards, depends on each separate intermediary and their own standards and values.

#### 4.3.3 Monitoring the situation in the factories

In the previous section is explained how the extensive and time-consuming factory audits are executed by intermediaries. It became clear that factory audits do not provide the aimed for transparency. They are announced to the factory beforehand and do not always represent the actual circumstances in the factory. The following section will explain what intermediaries do to provide more visibility in the factories and create more transparency in the supply chain by monitoring inside the factories on top of the yearly factory audits. *"And the local quality managers and the inspectors, they are monitoring every day and reporting it to the quality manager, to us and to the customers"* (R2).

However, what intermediaries do regarding monitoring the labour situation in factories, depends on each intermediary and their standards. For example, R4 mentioned to be only controlling labour standards when onboarding a factory. When afterwards they are on the ground in the factory to monitor production and do production quality checks, they are not able to control labour standards anymore. If they are on the ground for production controls, they do not get access to books or other documents. Any violation that is seen, regarding labour standards, will not be officially reported. *"So if he sees some labour violation, he will tell them: this is the violation that I'm seeing, but it is not officially reported"* (R4). If he would want to control the labour standards or report a violation of labour standards, he would have to announce it before coming to the factory and do the full audit again. This is accepted by R4, however R5 mentions this to be a zero-tolerance issue and would not be working with this factory. *"If you went to a factory unannounced and they denied access, that would be a zero tolerance issue"* (R5).

Subsequently, R6 makes a distinction between announced factory audits and unannounced spot checks. Spot checks imply going to the factory to just see what is going on. During these spot checks, workers on the ground are interviewed as well to get a clear insight in the actual situation in the factory, also when they are not present on the ground. R5 mentioned to be on the ground constantly to monitor the production quality, but therefore at the same time have the ability to see what is going on in the factory and paying attention to the worker's well-being. Monitoring the situation in the factory includes checking labour standards, without having to do a whole factory audit. R5 says that part of being compliant to the standards is to be giving access to all the documents at any time it is requested, in contrast to R4. Other interviewees as well mentioned that worker well-being is actively paid attention to when being on the ground in the factories to monitor the production. Being

on the ground means more visibility in what actually happens in the factories apart from the official factory audits, leading to more transparency throughout the supply chain. Contributing to the transparency is that factory visits are unannounced, providing that factories are unable to prepare for the checks. Unannounced visits and being present on the ground makes the supply chain as transparent and honest as possible according to the interviewees.

*“Whatever you see in the factory in the daytime, is not happening all the time. There are some things that are going on, but we try to manage everything with the people on the ground. It is very important I think to have a presence in the factory, so that we can understand.” (R2).*

*“So a lot of the time there will be unannounced visits. And that really helps because the factories don't know that you're coming and they don't have time to prepare. So you can just go in there and obviously see what what the situation is there” (R5).*

In addition, R2 mentions to be controlling labour standards through quality controls. If the worker's well-being is not what it should be, then the quality of the production is not what it could be. R2 says that low standards and low worker well-being will eventually lead to production problems. Hence, it is as well important that labour standards are complied to, in order to increase the quality of the production. *“The labor standards, it's also a quality standard for us. Because if a company is doing a lot of overtime, it means they're falling behind their schedule all the time and they're not shipping their orders on time” (R2).*

#### 4.3.4 Follow-up on labour standards violations

Controlling labour standards as well includes dealing with violations of labour standards whenever they are found in a factory. Violations could be detected during an official factory audit, before the factory is given orders. This would mean the intermediary would simply not start working with the factory, before they have improved their standards. R1 explains that not complying to certain standards simply means that they will not onboard the factory and therefore not give them orders.

*“When they do not comply to certain sustainability standards, we would not give them orders. Then they could come back like within 6 months and say we are going to have this certification. Then we will start talking again” (R1).*

*So, when it comes to non-compliance, it depends on the seriousness of the situation. And if they don't want to comply, then we don't place the order with the factory” (R3).*

The presence of intermediaries on the ground in factories and the transparency that this provides, makes possible that problems can be solved in cooperation. When an intermediary has already onboarded a factory and has already given them orders, it is still possible to find violations of labour standards when being on the ground. It depends on the severance of the violation how they deal with it. There are so-called zero tolerance violations. Zero tolerance is something that will risk the safety and well-being of people, which means the factory would immediately stop the order with that

factory. An example of zero tolerance is child labour. R3 is talking about remedial action, when finding a zero tolerance violation like child labour. This remedial action includes that they will follow up on the factory, checking whether the children are put back to school and whether the factory is taking responsibility for their non-compliances. Besides, there are also violations that are less severe. When there are violations regarding working hours and workers are doing overtime, the intermediary can discuss with the factory what is going wrong in the planning for example. The relationship of the intermediary with the supplier is built to be trustful and transparent, so problems are more likely to be discussed instead of kept hidden, increasing the ability to regulate the labour standards in factories. Besides, the presence on the ground enables the intermediary to provide the support that the factory needs.

*"I think we're working closely with the factories as well. Visiting them more on a regular basis, you build up a relationship with those factories, so they're more likely to be open and honest with you, because you're going to help support them and they know that they can trust you to help support them to remediate" (R5)*

R5 mentions that being on the ground in the factories does not only provide the visibility and transparency that they want, it also contributes to having a good relationship with the factories. Visiting them on a regular basis builds on mutual trust between the intermediary and the factory, as the intermediary has insight in the situation in the factory and the factory learns to trust the intermediary to support them if any problems come up. If there is an open and honest relationship, it enables the intermediary to provide the support that the factory needs to comply to certain standards.

Nevertheless, what became apparent from the interviews was that monitoring and auditing in the factories could be enough to control certain circumstances, however it would not improve the situation to the level that some intermediaries would want to see. They recognize that just controlling and monitoring will never be enough to improve the situation or to solve the actual problems. R5 and R3 refer to a big problem in the fashion supply chain called audit fatigue, which means that many factories become tired of constantly having to go through audits and being monitored. This problem and its possible solution will be explained in the following section.

#### 4.3.5 Audit fatigue & equivalency

During the interviews, R3 and R5 mentioned the concept of audit fatigue. A lot of money is being spent on doing factory audits by each and every retailer or intermediary that works with a factory separately. Therefore factories have to deal with many different audits and they have many different audit requirements to comply to depending on the retailer or intermediary that requests the audit. This is expensive and they become tired of auditing and monitoring, which is called audit fatigue.

*“One issue that we suffer is audit fatigue, because there are so many different audits, and factories might go through six or seven audits a year, but it’s basically on the same thing. And you might even have them audited by the same audit company, but just as a different standard depending on which retailer they work for” (R5).*

*“Relation with the suppliers are most of the times not good. .... They feel we are behaving like police always monitoring them” (R4).*

R3 mentions that the solution for audit fatigue is equivalency. *“The solution for audit fatigue is equivalency” (R3).* Equivalency is a provided transparency throughout the whole industry providing that there is a certain industry standard that factories are checked on and those reports are shared throughout the industry. Intermediaries or retailers would share their audit reports based on the industry standards, so factories would not have to deal with that many different factory audits. If factory audits and industry standards become transparent throughout the industry, a lot of money on doing auditing will be saved and they could really start focussing on improving the situation by raising the industry standard.

However, **the problem with achieving equivalency is that many companies still think that compliance is a competitive advantage.** When companies consider responsible production as a competitive advantage, they want to become “better” than their competitors at CSR. They will not be willing to share anything and the actual goal of producing responsibly will fade.

*“Equivalency has been really slow for brands. And it’s because a lot of companies still think that compliance is a competitive advantage. And that notion, that it’s a competitive advantage, in my opinion, is old thinking, it needs to go” (R3).*

*“We’re all working towards the same goal, you know, to make the industry better for the people on the planet. So you know, everyone has a lot in common in that way” (R5).*

Actually we are all working towards the same goal as R5 is saying, regarding social compliance and improving working conditions throughout the supply chain. When this would be recognized and companies would stop considering social compliance as a competitive advantage, equivalency could be realized. This was as well mentioned by R3. An industry standard would make sure that everyone would start working towards that same goal, instead of trying to be better than others as their priority.

*“As an industry, we should all share this and have the same standards to achieve. Not try to be higher than the other one or lower than the other one. We should have an industry standard” (R3).*

Though, there are already many different certifications that a factory could be certified with, given out by third party auditing companies. Those certifications show what the factory standards already are, for which they provide transparency and equivalency to some extent. However, also these certifications are becoming a competitive advantage as some certifications have higher standards than

others. Those certifications do not (yet) provide the equivalency that the intermediaries are aiming for.

Something remarkable from the interviews as well was that whatever quality standards a retailer is demanding, the intermediary is able to control and deliver production meeting those quality standards. All the services that customers demand from the intermediary, the intermediary is able to coordinate in the buyer-supplier relationship. However, as long as the retailer does not demand the service of controlling that production is done responsibly, the intermediary can not provide this service for this retailer, as costs will increase and the retailer will probably move to another intermediary or supplier. Intermediaries can choose their own standards, and therefore choose whether to work with a certain retailer, depending on whether the retailer is willing to follow those standards. However, they can not control what other intermediaries do by having high standards for themselves. R2 has given an example to explain this.

*'So for example, the customer comes to me, I want to source these headphones. I say, okay, I can source you this from China and the price is 7 dollars. There will always be another supplier that says, I can give you this for 5 dollars. But the customer knows this and can go to the cheaper supplier, because if I don't follow the standards, then I can source this cheaper. But we don't want to do this, we want to give them a right service, with the right price' (R2).*

So sourcing cheaper, means that standards are not followed and it is a choice whether to follow higher standards or not. Whether retailers choose to follow higher standards or whether other intermediaries choose to follow certain labour standards is something that can not be controlled or influenced by other intermediaries. They can only do as much as their own customers are demanding from them. Intermediaries, nevertheless, do have a choice whether or not to work with a customer. If a customer has lower standards than the intermediary, an intermediary can choose to not work with this customer, implying that they will not operate below their own standards. However intermediaries can choose who to work with, but as long there is no industry standard or equivalency throughout the industry, there is no insight in what other companies are doing and it is still possible to source without following any responsibility – or labour standards. When an intermediary chooses to not work with a customer, because that customer's standards are too low, the customer probably will find another intermediary who will work conform their standards. An industry standard and equivalency throughout the whole industry would provide more control over standards that all retailers and intermediaries are following, possibly allowing bigger scale changes.

#### 4.4 Improving working conditions in factories

Intermediaries aim to build long-term relationships with their customers and suppliers. They provide certainty, trust and transparency in the relationship and this contributes to their ability to control

labour standards in factories. This is already explained in the previous section. However, as explained in the previous section, just doing audits and monitoring is not enough to improve the working condition in the supply chain. Besides, it is not the only thing done by intermediaries to regulate labour standards in factories. During the interviews, several different initiatives and practices were discussed that are really focused on actively improving working conditions throughout the supply chain.

*“So what I would say the general intent of most supply chain intermediaries is, is to help enable, help provide transparency, visibility to secure supply chains to mitigate as much as possible, you know, bad things from happening” (R3).*

#### 4.4.1 Developing the intermediary by education & training

Firstly, intermediaries provide education for workers in the factories. They educate workers in order to improve efficiency and the quality of production to begin with. Subsequently they educate workers on among other things workplace safety and health. R3 has provided an example of how they educated factory workers on fire safety by showing them cartoon videos. The cartoon videos gave some basic understanding on fire safety and electrical hazard safety to the workers. Educating and training workers are simple and low-cost solutions for general problems in the factories. They enable workers to discover their own well-being in the factory. R3 said that they are now giving in-factory education about nutrition and hygiene. Besides, mental health is becoming an important topic as well, to which they target attention.

On top of education, intermediaries provide trainings to factories. Those trainings can be a response to labour standards violations in factories, in order to remediate them. R3 and R5 have referred to those trainings as remedial actions and corrective action plans. Explained in the previous section is that some labour standards violations lead to that the intermediary immediately stops working with that factory. However, when you just stop working with them and not give them orders anymore, the violation is not remediated and that is something that among others R5 recognizes. *“One thing that you don’t want is go away. Because if you find child labour in a factory, for example, and you just walk away, the bad issue is never going to be remediated” (R5).* Therefore, so-called remedial actions or corrective action plans are developed by intermediaries in order to train or support the factory in such a way that the issue can be solved. *“You work with the factories to close those issues, to first understand what was the root cause of those issues, why they were there in the first place, and then work to resolve them. ... It depends on the response of the factory, but you would always want to try to remediate. You want the best outcome for the workers at the end of the day” (R5).* However, R5 mentioned that they have a social and environmental affairs department at their company. This means that there is a department with particular focus on improving social- and environmental issues in the supply chain, for which those corrective action plans are developed. It also

happens that intermediaries are not that focused on actually improving, for which they do not provide support or trainings in remediating labour issues.

Besides providing support as a response to labour violations, some intermediaries initiate so-called capacity building programs. *“There is many different types of trainings and capacity building that you can do with factories to help support them or their growth and development within the business” (R5)*. Capacity building programs are initiated by the intermediary to actively develop the factory. Therefore they imply that those intermediaries work proactively as well, on top of reactively to labour violations or problems. The intermediaries are actively providing support to the factory and developing with them by means of those self-initiated capacity building programs.

#### 4.4.2 Intermediaries raising their own standards

However, the extent to which or even whether intermediaries provide support to their factories is highly dependent on the standards that an intermediary upholds itself. The remediating action that intermediaries undertake or the efforts they put into training and educating factories and workers differs per intermediary. R1 and R2 mentioned to be strategic with their suppliers and aiming to grow and develop with them. Because intermediaries aim to have a long-term and trustful relationship with their suppliers, they are enabled to grow together to a higher standards level. They are strategically giving factories repeatedly orders and therefore growing their revenue and ability to develop and improve. The higher the standards of the intermediary are, the higher the factory’s compliances are growing towards, provided that the intermediary is giving the factory orders and the necessary support. *“Working with certain standards and improving on those standards, the easier it is to progress with them going forward” (R5)*. The minimum standards for factories to comply to are very high for R1 and R2. Having their own high standards means that they are upholding those standards for either their suppliers and their customers and therefore directly raising their standards as well. By raising their own standards, they are indirectly trying to raise the standards in the supply chain.

*“So we want to be known as company X, you know. If you work with us, then you are safe, your customers are safe and the people that make the products are safe as well” (R1)*.

On top of having high standards to which factories have to comply to, they uphold those high standards for their customers. They will not be working with retailers that accept standards below their own standards. They are on the one side educating and training their suppliers, however on the other side they are educating their customers and raising their customer’s standards as well. Therefore they as well “strategically grow” with their customer retailers.

Besides, R3 mentioned several different sustainability initiatives that are part of the supply chain intermediary for which R3 is working. One of the sustainability initiatives is called fair and safe workplaces. These initiatives are raising the standards of the intermediary and they address certain sustainability goals. They measure their own performances on these sustainability goals by means of

Key Performance Indicators (KPI's). Those KPI's measure how well they did on sustainability and report this score in self assessment reports.

#### 4.4.3 Digitalization

Throughout the research, a very important factor in the regulation of labour standards in the supply chain is transparency. Intermediaries aim to increase transparency in the supply chain. Something that highly contributes to the transparency in the global supply chain is the digitalization. During the interviews, several interviewees have mentioned the development of certain apps to increase their ability to monitor the situation on the ground. By means of those apps, the factory workers can reach out to the intermediary whenever they encounter problems. For example verbal or physical abuse, unsafe circumstances or working overtime are issues that they can report to the intermediary by using those apps. These apps again provide more visibility in the supply chain and in the factories. The focus is shifting towards factory workers, instead of only factory owners during monitoring and auditing. The intermediaries are able to get information of factory workers directly. The visibility and transparency in the factories is much higher than it used to be, which reduces the number of incidents, because eventually violations will be noticed. It is harder to withhold information, because intermediaries are actively trying to get insight in the situation in the factories. Digitalization has increased the intermediary's visibility in the factories, which is an important factor in improving the situation

On top of that, digitalization does not only provide more visibility in the factory, it provides more visibility in the whole supply chain. Knowledge about what happens in the fashion supply chain spreads over the internet via social media, increasing the consumer awareness. *“It gives the consumer the ability to know what they want to know. Especially social media as well, there's a lot more focus, I think, on the fashion industry than there has been before”* (R5). The importance of raising consumer awareness, increased by digitalization, is explained in the following section.

#### 4.4.1 Consumer awareness and demand

Even though some intermediaries are starting to make improvements, they are still highly dependent on consumers of fashion for the amount of impact they can have in the supply chain regarding labour standards. Some intermediaries are actively doing what they can do to improve the situation in the supply chain, as is explained in the previous section. Nonetheless they are reliant on retailers, who are reliant on fashion consumers, for having business and making money, for which retailers determine to some extent the ability of intermediaries to influence the supply chain.

Unfortunately there is still a high demand for cheap clothing in high quantities as fast fashion remains existing, which pressures production. The fashion industry has become highly competitive, for which retailers demand cheap supply. However, regulating and improving labour standards costs money, resulting in more expensive supply and higher prices. Retailers will possibly move to another

intermediary, who will provide cheaper supply than an intermediary who is highly concerned with high labour standards, as long as the fashion industry is as competitive as it is now.

*“Role of sourcing agents is not to control the labor violations. ... So if any customer wants to give us another role like labor checking, labor violation, then we can do that, but customers don't give us this role. They say focus on price negotiation, follow up on production, make sure the production is well on time and make sure the quality is as per standard (R4)”*

R4 is actually saying that even though initiatives might be there to improve the labour standards in the supply chain, the customers are in reality not demanding anything beyond cheap and quick production. In the Li&Fung Code of conduct, which is a publicly available document, is stated that codes of conduct often result in conflicting interests with their customers (Li and Fung code of conduct, 2012), because general customer interest is focused on cheap - and quick production, which does not go together with high standards in codes of conduct.

Moreover, retailer demand is reliant on end-consumer demand. The consumer determines what the retailer will focus on for their supply. Currently, the end-consumer is overconsuming fashion. The demand is higher than it has ever been. Therefore retailers of fashion are highly competing on low prices and high quantities in order to meet up to this end consumer demand and to make profit. During most of the interviews, the interviewees mentioned that changing the consumer mindset and raising consumer awareness about the supply chain, will have the most impact in making actual changes regarding labour standards in the supply chain. Having an actual demand of improving working conditions in the supply chain, will enable the intermediary to apply all their capabilities and practices to make improvements, even though this leads to higher costs.

Raising consumer awareness implies that we get past this period of fast fashion. We have lost sight of the impact of fast fashion and the circumstances in the supply chain that are a result of this overconsumption. If the end-consumer would be aware of the impact of fast fashion, it would increase opportunities to get past this problem and shift the focus from quantity and low-cost to quality and responsible production. Shifting consumer demand would imply that the industry decreases competing on cheap prices and high quantities, allowing more space for making improvements in the supply chain.

During the interview with R2, he delineated a situation in which consumers are demanding on sustainability on labour standards, which actually perfectly explains how consumers have such a big impact.

*“So there is a huge demand on sustainability on labour standards. And this trend is creating a demand on the customer side. And the brands are using this demand to market their product. So they try to source more responsibly, more sustainable, so that they can have a certain*

*audience. And this demand is creating another demand to the sourcing agents, and then it goes like a chain, and it improves the standards in the end.” (R2).*

Nevertheless, there are changes regarding consumer awareness on sustainability and labour standards in the supply chain, even though they are small. A small part of the end-consumers are demanding more sustainable and responsible production. Contributing to this are the own high set standards of some supply chain intermediaries. Intermediaries who have set high standards for themselves are only attracting customers that demand this as well, for which they are able to make changes and have an impact to a certain extent. Only customers with higher standards as well will be willing to cooperate with them.

Besides, intermediaries with high standards are focusing on raising awareness and creating a ‘sense of urgency’ (R5) for changes. Therefore they are contributing to changing consumer demand. R5 has told about an app that is available to end-consumers of fashion, which shows how responsible any retailer is producing regarding labour, animals and environment. The app is called ‘Good on you’. However it is still very unknown, but it is a start in raising consumer awareness.

Next to these kinds of apps, this age of digitalization and social media has as well increased visibility in the supply chain, contributing to consumer awareness of the situation in the supply chain. It has created more transparency because social media can reach a huge scope of end-consumers. Whenever any disaster happens, for example Rana Plaza in Bangladesh, which was mentioned also in almost every interview, the whole world will know because of social media and the internet.

R5 mentioned COVID-19 as well as an accelerator for raising consumer awareness. R5 noticed that consumers begin to wonder more what is happening in the supply chain since COVID-19 has happened. They are starting to become more aware and more curious. However, whether there is an actual relation between COVID-19 and consumer awareness is unsure.

## 5. Discussion

In the following chapter, the results will be interpreted and the research question will be answered. Afterwards the contribution of the research will be discussed, followed by the practical implications. Then there will be a critical reflection on the execution of the research and any limitation will be presented. Lastly, recommendations for future research will be discussed.

### 5.1 Interpretation of the results

To begin with the interpretation of the results, the research question will be repeated.

*How do supply chain intermediaries contribute to the regulation of labour standards in the global fast fashion supply chain?*

My findings showed that intermediaries have much knowledge about the supply chain, due to their position in between many different retailers and suppliers. They build good and long-term

relationships with the customers and suppliers, enabling them to coordinate the relationship as recognized by the RIT-framework (Abbott et al., 2017b). This coordination implies the regulation of labour standards in supplier's factories as per the intermediary's standards. An important notion is that intermediaries can only influence and regulate their standards in their direct relationships with customers and suppliers. What standards other intermediaries hold or the amount of regulation those intermediaries execute regarding labour standards is out of their control. Intermediaries who uphold high labour standards work with factories that can live up to those standards, but it does not mean that it improves or influences the labour standards in the whole industry. Intermediaries regulate as much as complies to their own standards.

According to the previous paragraph, intermediaries regulate to the conditions of their own standards. The regulation of labour standards starts when an intermediary onboards a new supplier and checks its whole factory during a factory audit. After onboarding, such an audit is executed once or twice a year. An audit represents a snapshot of the situation in a factory at that time and oftentimes factories are in the ability to prepare for a factory audit. It does provide insight in the factory, however it does not provide the transparency required to regulate labour standards in factories, regarding working hours or paid wages for example. Books can be manipulated and what is measured during a factory audit is not necessarily what is happening all the time.

Therefore, an important contribution of intermediaries to the supply chain in regulating labour standards is having people on the ground in the factories. The people on the ground go to the factories on a regular basis to check on the production, while being able to see labour conditions in the factory. Visits are unannounced, which contributes to the transparency that intermediaries are aiming to provide. Supply chain intermediaries aim to build on trust and close relationships with their suppliers and this contributes to their ability to monitor the situation in factories. Trust and transparency are two important factors that intermediaries add to the supply chain in the ability to regulate labour standards. It improves open and honest relationships with their customers and suppliers, for which (labour) problems are discussed and remediated, rather than hidden.

Subsequently, when problems are discussed or violations are detected during monitoring or factory audits, then the intermediary is able to take action. Sometimes orders are cut and the intermediary does not work with a factory until the issue is resolved. Another option is that the intermediary together with the factory finds a solution for the issue and provides the necessary support to resolve problems. This is called remedial action or corrective action plans.

Besides, the four value-adding activities of supply chain intermediaries (Cole et al., 2020), that were defined in chapter two, contribute to the regulation of labour standards. If the demand of customers allows the activities to focus on regulating labour standards as well, then supply chain intermediaries can develop knowledge about labour on the ground, transfer this information to all

parties involved, reduce risk in complying to labour standards and provide the necessary support in compliance. By being on the ground, intermediaries can gather all the knowledge they want in the factories and they can really see what is going on inside. They are able to detect violations of labour standards and therefore follow up on them. Intermediaries will communicate all the information they gather regarding labour standards to the customer as well as back to the supplier. Therefore they can discuss problems and together deal with any issue or violation. This provides more transparency and reduces the probability that violations of labour standards or problems are kept hidden by factories. Being on the ground, detecting, discussing and solving problems allows intermediaries to reduce risks as well. Besides, by building long-term relationships, they provide the supplier with a kind of certainty of orders and revenue, reducing risk to comply to labour standards. On top of that, intermediaries can actively provide support regarding the improvements of labour standards in factories. They can provide education and trainings focusing on for example health – and safety issues and make workers aware of their well-being in factories. If workers are aware of their own well-being at work, it empowers them in their position.

Supply chain intermediaries aim to develop long-term and trustful relationships with their customers and suppliers in which transparency is provided. Regulation of labour standards, as described in the theory chapter, involved implementation, monitoring and enforcement of rules. This includes the set labour standards, auditing, monitoring and following-up on violations as my findings have shown. **However, my findings as well show that just these activities will not be enough to improve the working conditions in the supply chain to a desired level.** Regulation is time-consuming and expensive, for which the concept of audit fatigue exists. Some intermediaries have developed their own high standards regarding labour conditions in factories, however others may not live up to any standards beyond legal labour standards. **Due to the high competition in the fashion industry and not having an industry standard, real changes in the industry are left out.** Responsible production is rather considered a competitive advantage, than an actual goal that the industry is working towards. **However, an interesting finding was that companies should start cooperating in achieving the general goal to improve labour standards by having equivalency in the fashion industry, instead of competing.** As long as companies are focusing on being better than others, there is no real intent to improve working conditions.

Moreover, one very important factor in the ability of intermediaries to influence labour standards in the supplier's factories is fashion consumer awareness. The level of service that intermediaries can provide partly depends on their customer's demand, on top of their own minimum standards. Subsequently, intermediary's customers are retailer companies, whose demand is determined by the demand of end users of fashion. Their awareness about supply chain practices should be given attention to in order to make real changes. Consumer awareness is already increased

by social media in this age of digitalization, however as long as fast fashion exists, the focus of consumers is rather focused on cheap prices and high quantities, rather than responsible production. Fast fashion has highly impacted consumer demand, leading to overconsumption of fashion without consumers being aware of the impact of their overconsumption on for example labour standards in factories. If the main focus remains to have high quantities of fashion products for low prices, then the pressure in the supply chain and the high competition will remain existing as well and actually improving labour standards will not be a priority.

In conclusion, the trust and transparency that supply chain intermediaries bring to the buyer-supplier relationship contribute to the regulation of labour standards in the fashion supply chain. They provide more open and honest relationships and their presence on the ground highly enables them to regulate and support factories. Intermediaries having high standards are able to improve and develop the suppliers and customers they are working with, however as long as there is no industry standard, big industry changes remain undone. Improving the supply chain should be the goal, by having an industry standard which no intermediary or factory can go below. CSR should not remain a competitive advantage, it should be a given. On top of that, consumer demand has to change and fast fashion has to get rid of. As long as fast fashion exists, it means that consumer's demand is focused on low prices. Increasing consumer awareness and shifting consumer demand towards more responsible production, will increase the urge for change in the whole industry and therefore improve the ability of intermediaries to regulate and improve labour standards in the fashion supply chain.

Lastly, intermediaries should be given more voice and publicity for what they do, as they have an important role in the supply chain. As mentioned by R1: *"They have too much knowledge to disregard"*. Giving them more voice and publicity would enable them to share all this knowledge with consumers, therefore increase consumer awareness and create the necessary sense of urgency for change.

## 5.2 Theoretical contribution

This research aimed to explore the role of third party supply chain intermediaries in the regulation of labour standards in the fashion supply chain. Therefore this research has added new insights into the role of intermediaries in the regulation of labour standards that did not exist in this specific way before. Their position is further investigated as well as their ability to make a contribution to the supply chain regarding labour standards. As recognized by the RIT-framework (Abbott et al., 2017b), good regulation requires a third party, which in this case is the supply chain intermediary. This research has contributed to theoretical knowledge by applying the role and capacities of supply chain intermediaries, as defined in chapter two, to the highly pressured fashion industry. The research adds specific insight into how the intermediary's capacities and their value-adding activities can contribute

to the regulation of labour standards in the fashion supply chain. Findings showed that the value-adding activities: knowledge development; information transfer; risk reduction; & capability support mentioned in earlier work (Cole et al., 2020), are clearly present in the regulation of labour standards as well. However, the capacities of the intermediary as defined in chapter two: operational capacity; expertise; independence; & legitimacy (Abbott et al., 2017b), were less clearly definable in the regulation of labour standards. It became clear, nevertheless, that intermediaries have much expertise in the supply chain and by being on the ground as well gain operational capacity. Besides, this research adds that the two most important factors that the intermediary adds to the buyer-supplier relationship are trust and transparency. Those factors seemed to be very important in the contribution of supply chain intermediaries and therefore future research, regarding labour standards and improving working conditions in factories, should take those into account as well.

On top of that, this research has provided insight into more factors that are influencing the role of intermediaries in regulating and improving labour standards in the fashion supply chain. Consumer awareness seems to highly impact the demand of customer retailers to the intermediaries. Fast fashion is a big problem in the fashion industry (Sull et al., 2008), leading to overconsumption, for which it restricts consumers from becoming aware of the impact of fast fashion. Fast fashion is a problem on itself in the fashion industry, which has to be resolved by raising consumer awareness, before any real improvements can be made in the supply chain regarding working conditions. Consumer demand requires a shift to more responsible production. On the other hand, social media and this age of digitalization does accelerate the process of raising consumer awareness, because everything can be shared online and therefore possibly reaches a big scale of consumers.

Besides, in the conceptual paper of Abbott et al. (2017b) the regulating role of intermediaries was defined by implementing rules, monitoring and enforcing rules. During the research those steps clearly came forward in the role of intermediaries in regulating labour standards, however it as well became clear that these practices of intermediaries to regulate labour standards would never be enough to improve the working conditions in the supply chain to a desired level. Auditing and monitoring leads to the concept of audit fatigue, meaning that factories become tired of constantly having to go through different audits. Besides, auditing is time-consuming and costs a lot of money. During the interviews, it became clear that some intermediaries recognize that their role regarding labour standards includes more than just executing factory audits and monitoring the situation. Besides, **an industry standard will make sure that labour standards and responsible production will not remain considered a competitive advantage, but just a given and it provides equivalency in the supply chain, which is the solution for audit fatigue.** When all intermediaries are working towards the same goal, providing the same transparency, real improvements in the industry can be made. So the regulatory activities defined in chapter two have been recognized in role of intermediaries in the

supply chain, however, this research adds more activities and important factors influencing the regulatory role of intermediaries.

In conclusion, the theory from chapter two has provided a good basis to have executed this research. However, applying it to regulating labour standards in the fashion supply chain, more influencing factors became apparent that might be important to consider in future applications of the framework.

### 5.3 Practical implications

This research aimed to identify the role of supply chain intermediaries in regulating labour standards in the fast fashion supply chain. Working conditions in fashion supplier's factories seemed to be a key problem in the fashion industry, for which research was required. Many previous attempts to improve the working conditions have already failed (Marx et al., 2017), and there was need for effective regulation. According to the aim of the research to identify the role of intermediaries in regulating labour standards in the fashion supply chain, this study has clearly explained this role and how intermediaries contribute to improvements in the supply chain. Trust and transparency seemed to be important factors that intermediaries add to the supply chain. They aim for good communication and good, long-term relationships with both the buyers and the suppliers. **These factors are important to consider as they influence the ability to regulate labour standards in the fashion supply chain and therefore they are especially important to consider in the role of intermediaries in regulating labour standards.** Besides, this study partly reveals why previous attempts to improve working conditions have failed. It discovered that attempts to improve the situation by means of monitoring standards in codes of conduct do not 'solve' the problem. There is no industry standard or transparency throughout the whole industry (equivalency), for which only monitoring and auditing does not lead to the desired results. Some intermediaries have already recognized this and actively try to improve the working conditions. This provides directions for future attempts to solve the problem on a bigger scale. Initiatives for further improvements are enlightened and possible directions or solutions for the future are described as well.

In conclusion, this study has clearly discovered the role of supply chain intermediaries in regulating labour standards in the fashion supply chain. Therefore it can provide stakeholders in the fashion industry more knowledge about the role of intermediaries. Derived from the research is that intermediaries should be given more voice and publicity, as they are not known for their contribution in the supply chain. Marx et al. (2017) already recognized the powerful role of supply chain intermediaries in the supply chain, however their role relating to the regulation of labour standards was previously not addressed. Their contribution can be powerful, however changes are still necessary and this research has started by providing insight in the powerful role that intermediaries can have in

improving working conditions in the supply chain. R1 was very thankful for having this interview and happy to see that students are researching this topic, as this indicates more awareness among consumers of fashion and an interest in improving the supply chain. This interest in improving the supply chain should be growing and intermediaries should get more voice and publicity in order to create this sense of urgency for change. Intermediaries could as well focus on marketing and spread the word about their role and contribution in the supply chain. This would increase their ability to create a sense of urgency and to speak their concerns. Abbott et al (2017) as well stated that studying the role of intermediaries in regulating labour standards is necessary in order to improve regulatory systems. This study has provided the role of intermediaries in regulating standards, while as well revealing factors that could improve regulatory systems and the ability to regulate labour standards.

Besides, the research could be useful for many stakeholders in the fashion supply chain, including consumers of fashion, suppliers, retailers and even intermediaries, NGO's and governments. Even though it has been a small research, it does provide a clear image of what supply chain intermediaries are able to contribute to the supply chain, provided that retailer and consumer demand allows for it.

#### 5.4 Limitations of the research

During the research, it was hard to make a distinction between fashion and fast fashion. Fast fashion is actually a phenomenon existing in the fashion industry. The supply chain intermediaries that were interviewed work with many different fashion retailers, which includes fast fashion as well. The role of intermediaries regarding regulating labour standards does not change, whether it is 'slow' fashion or fast fashion. Fast fashion especially concerns consumer demand and its appears to be a big problem on itself in the fashion industry. It implies overconsumption rather than consumer awareness of the impact in the supply chain and demand for responsible producing restricts the intermediary's ability to make improvements in the supply chain regarding labour standards. Even though fast fashion indicates a big problem in the fashion industry, the research has not specifically focused on fast fashion in the role of supply chain intermediaries as was intended to. The interviewees did mention that speed and low-cost is everything in the fashion industry nowadays, leading to high competition in the industry, which compares to fast fashion requirements as defined in chapter two. The concept of fast fashion clearly shows how the mindset of consumers of fashion has to change. Fast fashion was a mistake according to R3 and hopefully we learn from this mistake in the future by changing our mindset and focus on a sustainable supply chain, starting at consumer demand.

Besides, the fashion industry is far from transparent, therefore it was hard to get a real insight in the actual situation in the supply chain. I was limited in my ability to know what is the truth in the fashion supply chain. I had to take on what the interviewees were telling me. However, the

interviewees were working at different intermediaries and they were sometimes seeing things differently. I could not consider all of their visions in this research, as I was limited in my time. Besides, I was not in the ability to compare the content of the interviews with transparent and given information or insight in the actual situation in the industry or supplier's factories. Considering the high manipulation that the industry is facing, as mentioned by a few interviewees, I think it is important to always critically reflect on the information you are provided with. Especially regarding the fashion industry, I do not think everything should just be accepted as the truth. However, in my limited ability during this research, I have tried to remain as critical as possible, by asking the interviewees critical questions. This relates to the underlying philosophy that was chosen in the methodology chapter. The philosophy was critical realism, which is taking into account the human factor in creating a certain reality. Because each interviewee had its own reality from their position, this philosophy applies well to the research.

On top of that, the obscurity of supply chain intermediaries made it very hard to find interviewees. They are hard to be found on the internet and it was very hard to get in contact with them. Eventually I started connecting people on LinkedIn, asking whether they would be willing to participate in an interview. Few people responded to this request, for which I was not able to get more than 7 respondents, regarding my limited time to execute the research. To get back to my previous argument, it would have been very useful to have interviews with people operating on the ground in factories and with actual factories as well to get more transparency and insight in the actual situation. However this was unfortunately not in my ability. The interviews that I have been able to do were, nevertheless, very interesting and my interviewees were very enthusiastic to tell me about their work.

Besides, there were some practical limitations during the execution of the research as well. Firstly, the research is conducted during the COVID-19 crisis. Due to the crisis, all interviews have been conducted via Zoom or Microsoft Teams. This has led to possible technical or connection problems, possibly leaving out interesting information. On top of that, it restricts the researcher in its ability to make use of non-verbal communication and therefore leaves context to some extent out of analysis. Online platforms for the interviews might restrict the researcher's ability to perform the research properly. One interviewee even turned off his camera during the interview, for which non-verbal communication and a personal connection were left out completely. On the other hand, it also brings some advantages to the research in terms of flexibility for the researcher and the interviewee. Both interviewee and interviewer were able to stay at home during the interview, for which the interviews were less time-consuming and there was no travel restriction.

Secondly, there was a time limit attached to the research, resulting in limited time to conduct interviews and to collect data. More time would have allowed the researcher to collect more data and

to possibly conduct interviews with an intermediary's customers and suppliers as well. This would have provided more information from different perspectives in the supply chain.

Besides, supply chain intermediaries are spread over the whole world, implying that this sometimes resulted in a language barrier between the researcher and the interviewee. The interviews have been conducted in English, which was not the first language of every interviewee as well as the researcher. The researcher and interviewee were sometimes struggling to understand each other in English. Sometimes the researcher was not able to understand what the interviewee was trying to say, due to an accent.

On top of that, the research is conducted by a solo researcher, limiting the reliability and validity of codes that are addressed to the data. There was no second researcher included in this research, due to the set up and the lack of time, however the subjectivity of a solo researcher has been limited by discussing results and coding with a fellow student. Besides, at the end of the interview, every interviewee was asked for feedback regarding the interview and the questions that were asked. Therefore the interviews were improved and optimized after each interview.

## 5.5 Recommendations for future research

During the research, several avenues for future research have emerged. To begin with the recommendation to execute this research more extensively using more methods than just qualitative interviews and document analysis. A field research in-factory would provide significant insight in the situation in factories and the practices of supply chain intermediaries in the factories, apart from what they are able to tell you during an interview. Besides, conducting surveys with factory workers could provide interesting information as well about the situation in factories and how factory workers experience the regulation of labour standards regarding their own working conditions.

Another recommendation for future research is to execute it in another industry than the fashion industry. The fashion industry is, as already mentioned, a highly pressured industry, for which the regulation of labour standards is complex. Another industry than the fashion industry would possibly provide different results regarding the role of supply chain intermediaries in regulating labour standards.

Besides, since the fashion industry is such a high pressured industry, the importance of shifting consumer demand towards more responsible production and making consumers aware of the situation in the fashion supply chain is very important. Therefore the impact of fast fashion and overconsumption has to be known and we have to get rid of fast fashion. A recommendation for future research is to dig deeper into consumer awareness and consumer demand and how to get rid of fast fashion. This would eventually grow intermediary's ability to regulate labour standards in the supply chain.

Besides, intermediaries are highly obscure globally. Therefore they have to be given more voice and publicity. Future research could look into how to market supply chain intermediaries and how to give them more publicity.

During the interview, R5 has mentioned that she noticed a rising consumer awareness and consumer demand on sustainability since the start of the COVID 19 crisis. It could be interesting to research the impact of the COVID 19 crisis on the fashion industry and on consumer awareness and consumer demand. When influences on consumer awareness are revealed, it will become easier to further shift consumer demand towards more responsibility in the supply chain. It will indicate what to focus on. Besides, it is interesting to gain insight in how consumers begin to become aware of the supply chain and what they find important.

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## Appendix A: Interview guide

### **Begin of the interview**

Thank you very much for your time and willingness to participate in this research. I will first of all give a short overview of what the interview will look like before continuing with the questionnaire.

Introduction interviewer, name and background information on the study programme, scope of the Master thesis trajectory.

### **Aim of the research**

This research looks at the role supply chain intermediaries play in the regulation of labour standards in the global fashion supply chain. This is being done by means of interviewing different actors within the global supply chain from multiple sourcing agencies. This research aims to gain more insight in the activities of sourcing agencies and their eventual contribution to improvements in the global supply chain. If you have any questions regarding the research, I am happy to answer these after the interview.

### **Information for the interviewee**

#### *Anonymity and confidentiality*

Your data and answers will be treated anonymously, so no personal information will be included in the research. All information that is shared during the interviews will only be used for this research.

Besides, you are free to refuse to answer to a question in case you feel not comfortable doing so.

#### *Recording*

I would like to ask you to give me permission to record the interview, so I will be able to transcribe it afterwards. This would allow me to better analyse the interview and the information.

## Questionnaire

I would first like to ask you a few questions about yourself, the company you work for and your position within the organization.

### 1. Background information interviewee

- Can you please introduce yourself?
- In a few sentences, could you describe the organization you work in?
- Can you tell me about your position within the organization? And maybe previous related jobs?
  - Since when do you hold this position? (also probe: has this person held other positions at this company before taking up the current one or joined the company for this positions?)
- Why do you do your job?

Secondly, one theme within this research is labour standards. I will ask questions around this theme and how your company views this theme and how concerned you are with labour standards.

## 2. Labour standards/CSR

- Your website says that your organization is concerned with CSR, and in particular labour standards in the supply chain. What do you do specifically in that regard?
- What issues does your company focus on when it comes to labour standards (e.g. building safety, living wages, health and safety issues, gender based violence etc.)?
- With regard to the focus you just told me, what do you do specifically on this issue/what practices do you engage in specifically?
- Are there any initiatives or programmes your company is a member of or follows to contribute to those issues?
- Is your company aware of the actual working conditions in your supplier's factories?
  - How do you make sure you know the working conditions at supplier factories? (e.g. Are you in direct contact with your suppliers? Do you engage in auditing/monitoring? If so, do you do that yourself or are audits conducted by a third party?)
- How would you describe the situation regarding working conditions in the factories in the garment supply chain right now?
  - How problematic are the working conditions in factories now?
- Do you think intermediaries help to improve labour standards in the global supply chain?

Thirdly, as this research is about the mediating role of intermediaries between buyers and suppliers, I will ask question about on the one side, the relationship with the buyer and on the other side the relationship with the supplier.

### 3. Relationship with buyers and suppliers

- I would like to start asking about the retailers you work with first:
  - Can you explain to me the position of your company within the supply chain?
  - How many retailers do you work with?
  - Where are they (mostly) located (Country/origin)?
  - Are these large, medium sized, or small retailers mainly?
  - What services do you undertake for these retailers?
    - What do you do for them in terms of labour standard regulation?
      - Incl. do you share audit reports or insights on working condition at suppliers with them? Or do they trust you with this/ is it solely your responsibility to make sure labour standards are complied to at supplier factories?
- Can you explain the relationship with the retailers you work with?
  - What is particularly important in this relationship?
  - What is the focus of this relationship?
  - What is the benefit of this relationship?
- Now, I would like to start asking about the suppliers/factories you work with
  - Can you explain the relationship with on the other side the suppliers?
  - How many suppliers do you work with?
  - Where are they located (country/origin)
  - Are these large, medium sized, or small factories mainly?
  - What services do you undertake for these suppliers?
  - What is particularly important in this relationship?
  - What is the focus of this relationship?
  - What is the benefit of this relationship?
  - How does your company control activities within supplier factories?
  - Does the intermediary put pressure on the suppliers to comply to labour standards or does it support the supplier?
- Which tasks regarding regulating labour standards are fulfilled by who?
  - Who sets the standards? You or the retailer you work with?

- How do you deal with difficult situations? For example violations of labour standards in supplier factories?
  - How do you deal with on the one hand the supplier's factory?
    - How do you make sure that suppliers eventually comply to labour standards?
  - How do you deal with on the other hand the retailer?
    - Do you communicate the situation?
    - Do you cooperate in dealing with the situation?
- Who is in the end responsible for making sure that labour standards are complied to?
- What does the supply chain intermediary add to the buyer-supplier relationship?
- What's especially important in your role as a sourcing agent?
- What are important daily practices?

- Expertise
  - How do you gather the knowledge on working conditions and labour standards that you need ...?
    - From the buyer-relationship
    - From the supplier-relationship
  - How do you acquire your expertise in the regulation of labour standards?
  - What kind of expertise does the intermediary bring into the buyer-supplier relationship?
- Operating capacity
  - What kind of services does the intermediary provide in relation to the buyer and to the supplier?
  - How does the intermediary have access to the supplier? Regarding transparency of the working conditions in factories?
- Independence
  - What is the main interest of the intermediary?
  - Does this interest differ from both interests of supplier and buyer?
- Legitimacy
  - How does the intermediary gain legitimacy in relation to buyer and supplier?
  
- How are those 4 capacities acquired in practice?

I would now like to ask questions about how exactly your company contributes to the regulation of labour standards, while maintaining both relationships with buyers and suppliers.

#### 4. Contribution to regulation of labour standards

- Do you have certain codes of conduct?
  - Codes of conduct from firms/retailers or own codes of conduct or other third parties?
- How do you control/regulate social compliance by suppliers?
  - Who does perform the monitoring?
  - What are important measurements?
  - How exactly are you measuring labour standards/labour conditions?
  - What happens with the audits? Is it reported to the retailer? Is it also reported to the supplier?
    - Where does the information go?
    - How are you recording it?
  - Who follows up on the supplier for compliance to the labour standards?
    - How is this done?
    - Do you have direct access to your suppliers?
- How do you make sure that suppliers comply to the codes of conduct/labour standards?
  - How does the intermediary position and the core of the supplier relationship contribute to the ability to perform regulation activities (implementing, monitoring, enforcing in compliance to labour standards)?
- Does the intermediary contribute to transparency in the supply chain? Transparency regarding the working conditions in factories. (*information transfer*)
  - If yes, ask how?
  - Can you give me an example of how you share knowledge with retailers and suppliers?
- Often is mentioned in literature that compliance to labour standards comes with high risks for suppliers, for example that retailers move to another cheaper supplier very easily. (How) does your company reduce this risk for suppliers? (*Risk management*)
  - Can you give me an example of how your company reduced risk for a supplier?
- How does your company manage the communication and knowledge distribution with both suppliers and retailers that they are both aware of equal information? (*Knowledge development*)
- What capabilities do you bring to the relationship, that your customer retailers do not have? (*Capability support*)

- What distinguishes your position in the supply chain from retailer companies regarding your ability to regulate labour standards?
- What is the most important about supply chain intermediaries in their position in the supply chain?
- How do you facilitate behavioural improvement in the supply chain?
- How do you influence behaviour of suppliers?
- Do you think that intermediaries made changes regarding labour standards and working conditions in the global supply chain?
- From your point of view, are there any aspects that you would like to see changed with regard to your role in governing labour standards?
- Looking back at your career, what are one or maybe two things that if you could, you would have done differently?

## 5. Closing

- Do you have any further remarks regarding the regulation of labour standards in the global supply chain?
- Is there anything you think is important to add?
- Do you have any feedback regarding the interview that I might take to my next interview?

### **Thanking the interviewee and further information**

Thank you so much for your time. It has been very helpful for my research. After finishing the research, I could send you the Thesis by email if you would like to.

If you have any questions, you can always contact me via:

Eline Huizinga

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## Appendix B: Exemplary quotes per code

First-order codes	Exemplary quotes
Knowledge development	<ul style="list-style-type: none"> <li>• <i>“So I can help them build it by myself, or sometimes there are things that I don’t know, but they need to know. So then we try to get the information from the factory of from our local teams.” (R2)</i></li> <li>• <i>“We understand how to look, what to look at in a manufacturer to hit all those points. And we understand exactly what the customer is looking for as well.” (R1)</i></li> <li>• <i>“They have much more knowledge than retailers and everything” (R1)</i></li> </ul>
Information transfer	<ul style="list-style-type: none"> <li>• <i>“So it’s a continuous process of knowledge exchange, I can say, between me and the customer or with the factory.” (R2)</i></li> <li>• <i>“So what I would say the general intent of most supply chain intermediaries is to help enable, help provide transparency, visibility” (R3)</i></li> </ul>
Risk reduction	<ul style="list-style-type: none"> <li>• <i>“The risk is lesser. There are no surprises. When they will receive the garments, it will be as per their requirement module” (R4)</i></li> <li>• <i>“I do view it as inherently part of these independent sourcing agents’ responsibility to try and mitigate the risks as much as possible” (R3).</i></li> <li>• <i>“There’s operational and financial risk differences” (R3).</i></li> </ul>
Capability support	<ul style="list-style-type: none"> <li>• <i>“Whatever they want my help, conduct training or help to improve the quality of the product, I always cooperate with the factory” (R7).</i></li> <li>• <i>“We want to be strategic and give repeatable orders. So in that you can improve the factories’ capabilities, their CSR sustainability initiatives, because there is a stream of revenue and orders coming in, rather than just going after the cheapest vendor” (R1)</i></li> </ul>
Relationship with suppliers	<ul style="list-style-type: none"> <li>• <i>“So if you have a good relationship with the supplier, if you have a long-term relationship, you can solve these problems easily.” (R2)</i></li> <li>• <i>“And I think the key to working with suppliers and having a good relationship is havan an open and transparent</i></li> </ul>

	<p><i>partnership with them. So it really is very much reliant on an open and honest relationship and then you can both get the best out of working together” (R5).</i></p>
Relationship with buyers	<ul style="list-style-type: none"> <li>• <i>‘We build relationships with the customers we work with, we spend days with them to really understand what’s important for them” (R1)</i></li> <li>• <i>“Because we work for the customer, so we protect our customer’s interest” (R4).</i></li> <li>• <i>“So we just communicate them on a regular basis” (R5).</i></li> </ul>
Position of the intermediary	<ul style="list-style-type: none"> <li>• <i>“As a sourcing agent, this is our major goal to build the relationship with the factory and with the customer.” (R2)</i></li> <li>• <i>“So when we are here in the middle, we can create a better and more trustworthy relationship” (R2)</i></li> <li>• <i>“It’s my duty to always maintain the balancing between the buyer and factory owner” (R7).</i></li> </ul>
Codes of conduct/labour standards	<ul style="list-style-type: none"> <li>• <i>“We just cover everything. So in terms of what the ILO and the ETI based audit reports and most of the standards on, we will cover all of that. (R5).</i></li> <li>• <i>“Firstly, keep record of all labour and factories as per the local government rules and then I follow the buyer’s standards” (R7).</i></li> <li>• <i>“So our standards are very high” (R1)</i></li> </ul>
Monitoring	<ul style="list-style-type: none"> <li>• <i>“I think this is a benefit of going into the factories all the time. So a lot of time there will be unannounced visits. And that really helps because if the factories don’t know that you’re coming and they don’t have time to prepare.” (R5)</i></li> <li>• <i>“And the local quality managers and the inspectors they are monitoring every day and reporting it to the quality manager, to us and to the customers” (R2).</i></li> <li>• <i>“They feel we are behaving like police always monitoring them” (R4).</i></li> </ul>
Auditing	<ul style="list-style-type: none"> <li>• <i>“So before we start working with any new manufacturer, our auditor will go to the factory and he will conduct a complete audit. It will, it contains social labor standards and social compliance and production capacities, production</i></li> </ul>

	<p>capabilities, everything is included in that report'' (R4)</p> <ul style="list-style-type: none"> <li>• ''We send our own people to the factories, we have a hundred something checks that we do factory audits for'' (R1)</li> </ul>
Being on the ground	<ul style="list-style-type: none"> <li>• ''I think the biggest part of the intermediary of everything is, the really see what's happening on the ground and they have too much knowledge to disregard. They see exactly what's happening'' (R1)</li> <li>• ''We have people on the ground. We have people in country that work on the compliance, social compliance, that monitor those factories for us.'' (R5)</li> </ul>
Follow-up/enforce rules	<ul style="list-style-type: none"> <li>• ''If you went to a factory unannounced and they denied access, that would be a zero tolerance issue'' (R5).</li> <li>• ''But you can go back every two or three months and say, okay, you have a recordable incident, for example fire safety. If you don't fix this in two weeks time, we will cut you from our supplier base'' (R1).</li> <li>• ''These would all be classed as call zero tolerance issues, though, if those issues do occur, then automatically we will put a stop on future business with that factory, but at the same time, you also want to remediate'' (R5).</li> </ul>
Audit fatigue	<ul style="list-style-type: none"> <li>• ''Oftentimes I talk with factory owners or factory managers, and they'll complain. They'll just say, look, we know you're well intended, but this is crazy'' (R3).</li> <li>• ''So one issue that we do suffer with, is audit fatigue, because there's so many different audits, and the factories might go through six or seven audits a year'' (R5)</li> </ul>
Education & trainings	<ul style="list-style-type: none"> <li>• ''There's many different types of accreditation and certifications and trainings and capacity building that you can do with factories to help support them or their growth and development within the business.'' (R5)</li> <li>• ''So we're constantly working with factories to try and educate them on that'' (R3).</li> </ul>

	<ul style="list-style-type: none"> <li>• <i>“We produced videos, cartoon videos on fire safety” (R3).</i></li> </ul>
Equivalency	<ul style="list-style-type: none"> <li>• <i>“You speak with a lot of these people on a regular basis. And from a social compliance side, we're all working towards the same goal, to make the industry better for the people on the planet. So everyone has a lot in common in that way. So, yeah, I would say that that that definitely help.” (R5)</i></li> <li>• <i>“As an industry, we should all share this and have the same standards to achieve. Not try to be higher than the other one or lower than the other one. We should have an industry standard” (R3).</i></li> <li>• <i>“The solution for audit fatigue is equivalency” (R3).</i></li> </ul>
Digitalization	<ul style="list-style-type: none"> <li>• <i>“On social media they are talking about sustainability” (R1).</i></li> <li>• <i>“Here’s an app that gives you an opportunity to provide feedback” (R3).</i></li> <li>• <i>“It changes behaviour, because they know they’re being watched” (R3).</i></li> </ul>
Consumer awareness	<ul style="list-style-type: none"> <li>• <i>“I don’t think companies will change it. Some of them will change, but not all of them. It’s going to depend on the customers, the end users.” (R2).</i></li> <li>• <i>“It’s funny, usually intermediaries don’t have a lot of voice. Even though we’re seeing everything and we’re doing a lot of things and it’s not really seen. It’s really behind the scenes” (R1).</i></li> <li>• <i>“In terms of consumers knowing, wanting to know more and having more visibility and understanding of their supply chains and where they’re buying their clothes from. And there’s also more demand as there should be on the industry to be more responsible for how they source and manufacture clothing” (R5)</i></li> </ul>

Table 3 – exemplary quotes for each first-order code

## Appendix C: Factory audit report

<b>General information</b>
<b>Social compliance</b>
A. Basic law
B. Legal requirements
C. Illegal labour
D. Employment practice
E. Health & safety at workplace
F. Dormitories
G. House keeping & maintenance of equipment
H. Pre-production measures
I. Country of origin compliance
J. Physical security
K. Access controls
L. Procedural security
<b>General condition, management and workflow</b>
Factory-/ General safety
Management
Raw material
Equipment
<b>Quality assurance system &amp; related certificates</b>
Quality system management
Quality controller
Product performance testing
List of certificates available

*Table 2 – Factory audit topics*

## Appendix D: Research integrity form

### Research Integrity

All parties involved in education and research at the Radboud University Nijmegen have a responsibility in maintaining integrity in science and scholarship. Therefore, the general principles of professional academic conduct will have to be complied with at all times. These principles have been laid down in the Netherlands Code of Conduct on Scientific Practice (*Nederlandse Gedragscode Wetenschapsbeoefening*). Radboud University Nijmegen has endorsed this code as a guideline.

Research entails all investigations undertaken in order to acquire knowledge and deeper understanding. It is powered by a drive to discover and understand. This academic freedom is based on the understanding that researcher act according to high expectations with regard to research practice. Standards of professionalism and integrity must always be upheld.

Delivering excellent research does not only require intellect but also a high standard of integrity. We seek to sustain a research environment that fosters integrity in research. Integrity is about how research activities are undertaken. It demands that we pay thorough attention to detail in order to assure the accuracy and credibility of data and analysis.

We should ensure that our behaviour towards those involved in, or affected by our research, meets the highest standards. We should also fully consider our responsibilities towards stakeholders and society at large. Moreover, research integrity is fostered in a supportive culture that is conscientious, reflective and where genuine mistakes are permitted if they are admitted, carefully corrected, and learnt from.

Integrity and professional conduct require researchers to be:

- Honest and ethical;
- Professional;
- Critical of self and others;
- As skilful, careful and rigorous as possible;
- Respectful to anyone involved in and/or affected by the research;
- Working in ways that are lawful and accountable;
- Collegial: sharing, engaging in open discussions with colleagues and assisting others in their personal and professional development;
- Mindful of their duty to keep their knowledge and skills up to date;
- Risk-aware and responsible for risk management;
- Responsible: communicating honestly, accurately and as openly as possible;

The previous listing applies to all research activities undertaken by both staff and students, wherever and whenever they take place. It is critical that good research principles and practices are observed, and that their observation is monitored. The individual researcher is primarily responsible for upholding good research practices when undertaking research activities and is expected to be committed to intellectual honesty. Supervisors of students are expected to be role models of good practice and professionalism.

Should anyone encounter a situation in which unacceptable research practices (irrespective of whether they are deliberate or negligent deviations) are committed, they are expected to act on these concerns by intervening personally or by contacting the confidential advisor (see below). Some practices are clearly unacceptable, but there are also grey areas. The boundary between creative

insight and fabrication may not be obvious in the case of selective use of research data. Open discussions of such grey areas provide an opportunity to critically reflect on the robustness of justifications in research practices.

### **Unacceptable Research Practices**

All unacceptable practices are to be avoided, as they can lead to different adverse consequences (such as financial loss, waste of resources, or causing psychological and/or reputational harm). Mending problems once they have occurred may range from advice, guidance, mentoring or formal training through an investigation of potential research misconduct. Any innocent errors or mistakes that result in unacceptable research practice(s) should be disclosed transparently and quickly, immediately when they are discovered, and the appropriate reasonable remedy should be supportive. Such remedy should encourage a constructive discussion of ethical dilemmas and challenges in which errors and mistakes can be learnt from.

In particular, the following research practices are regarded as unacceptable:

1. **Fabrication** of data (creation of/making up false data or other aspects of research including documentation and participant consent).
2. **Manipulation** of data, imagery and/or consent forms).
3. **Plagiarism** (general misappropriation or use of (parts of) others' ideas or work (written or otherwise), and submitting them as your own without acknowledgement or permission).
  - a. Plagiarism can be either intentional or unintentional and may take the form of cutting and pasting, taking or closely paraphrasing ideas, passages, sections, sentences, paragraphs, drawings, graphs and other graphical material from books, articles, internet sites or any other source without proper referencing;
  - b. Submitting bought or commissioned work (for example from Internet sites or essay banks) is a serious form of plagiarism. This may take the form of buying or commissioning either the whole piece of work or part of it and implies a clear intention to deceive the examiners.
  - c. Double submission (or self-plagiarism) means resubmitting previously submitted work on one or more occasions (without proper acknowledgement). This may take the form of copying either the whole piece of work or part of it. Usually, credit will already have been given for this work;
  - d. Collusion is where two or more people work together to produce a piece of work, all or part of which is then submitted by each of them as their own individual work. This includes passing on work in any format to another student. Collusion does not occur where students involved in group work are encouraged to work together to produce a joint piece of work, that is truly based on all individual partners' efforts and input, as part of the assessment process.
4. **Misrepresentation**
  - a. of data (e.g., suppression of relevant results and/or data, or knowingly presenting a flawed interpretation of data);
  - b. of interests (including failure to declare material interests either of the researcher or of those who fund the research);
  - c. of qualifications and/or experience (including claiming or implying qualifications or experience which are not held).
5. **Mismanagement or inadequate preservation of data and/or primary material**
  - a. failure to keep clear and accurate records of the research procedures followed and the results obtained, including interim results;
  - b. failure to hold records securely in paper or electronic form;
  - c. failure to make relevant primary data and research evidence accessible to others for reasonable periods after the completion of the research;

- d. failure to manage data according to the research funds' data policy and all relevant legislation;
  - e. failure to provide careful feedback to respondents if such agreements have been made.
6. **Breach of duty of care**
- a. disclosing the identity of individuals or groups involved in research without their consent, or other breach of confidentiality;
  - b. placing anyone involved in the research in danger, whether as subjects, participants, or associated individuals, without their prior consent and without appropriate safeguards even with consent; this includes reputational danger where that can be anticipated.
  - c. not taking all reasonable care to ensure that risks and dangers, broad objectives, and sponsors of the research are known to participants or their legal representatives, to ensure appropriate informed consent is obtained properly explicitly and transparently;
  - d. a supervisor not working with a student to establish an effective supervisory relationship; and vice versa, a student not working with a supervisor to establish an effective supervisory relationship;
  - e. lack of support for researchers' academic freedom in those situations where researchers are faced with unreasonable pressure from external organizations (for example from a sponsor or other interested party with a vested interest in the research) to produce research results that are in their own interests, or to suppress reporting of results that are not in their interests.
7. **Abuse of status as a member of an academic profession** (deliberately exploiting status and reputation as a research professional in areas which have no relevance to the field of expertise).
8. *Taking reprisals against (an) individual(s) who made an allegation of research misconduct and/or attempting to cover up reprisals taken against (that) individual(s).*

Breaches of the code of conduct with respect to academic integrity (as described / referred to in the thesis handbook) should and will be forwarded to the examination board. Acting contrary to the code of conduct can result in declaring the thesis invalid

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RU e-mail address: <a href="mailto:e.huizinga@student.ru.nl">e.huizinga@student.ru.nl</a>	Master specialisation: Organisational Design & Development

<p>Thesis title: The role of supply chain intermediaries in regulating labour standards in the global fast fashion supply chain</p>
<p>Brief description of the study: In this study the role of supply chain intermediaries in regulating labour standards in the fashion global supply chain is researched. Working conditions in fashion supply chains are problematic and require regulation and improvements. This research aims to provide insight in the regulation of labour standards in order to make improvements in the supply chain.</p>

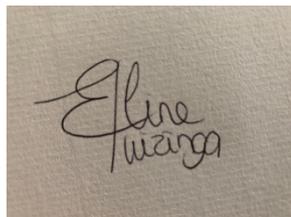
It is my responsibility to follow the university's code of academic integrity and any relevant academic or professional guidelines in the conduct of my study. This includes:

- providing original work or proper use of references;
- providing appropriate information to all involved in my study;
- requesting informed consent from participants;
- transparency in the way data is processed and represented;
- ensuring confidentiality in the storage and use of data;

If there is any significant change in the question, design or conduct over the course of the research, I will complete another Research Integrity Form.

Breaches of the code of conduct with respect to academic integrity (as described / referred to in the thesis handbook) should and will be forwarded to the examination board. Acting contrary to the code of conduct can result in declaring the thesis invalid

**Student's Signature:**



**Date: 30-07-2021**

**To be signed by supervisor**

I have instructed the student about ethical issues related to their specific study. I hereby declare that I will challenge him / her on ethical aspects through their investigation and to act on any violations that I may encounter.

**Supervisor's Signature:** \_\_\_\_\_ **Date:**

## Rights and duties of the user

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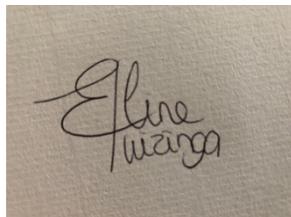
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